Base Prospectus
Dated 11 May 2020

Enagás Financiaciones, S.A.U.

(incorporated with limited liability in the Kingdom of Spain)

€4,000,000,000

Guaranteed Euro Medium Term Note Programme

guaranteed by
Enagás, S.A.

(incorporated with limited liability in the Kingdom of Spain)

Under the Guaranteed Euro Medium Term Note Programme described in this Prospectus (the "**Programme**"), Enagás Financiaciones, S.A.U. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue Guaranteed Euro Medium Term Notes (the "**Notes**"). The aggregate nominal amount of Notes outstanding will not at any time exceed €4,000,000,000 (or the equivalent in other currencies).

The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Enagás, S.A. ("**Enagás**" or the "**Guarantor**"). The obligations of the Guarantor in that respect (the "**Guarantee**") are contained in the deed of guarantee dated 11 May 2016.

The Prospectus has been approved by the Commission de Surveillance du Secteur Financier (the "**CSSF**"), as competent authority under Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of either the Issuer, the Guarantor or the quality of the Notes that are the subject of this Prospectus and investors should make their own assessment as to the suitability of investing in the Notes. The CSSF assumes no responsibility as to the economic and financial soundness of the issue of any Notes or the quality or solvency of the Issuer in line with the provisions of article 6(4) of the Luxembourg Act dated 16 July 2019 relating to prospectuses for securities. Application has also been made to the Luxembourg Stock Exchange for the Notes issued under the Programme to be listed on the official list of the Luxembourg Stock Exchange (the "**Official List**") and to be admitted to trading on the Luxembourg Stock Exchange's regulated market, which is a regulated market for the purposes of Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments, as amended ("**MiFID II**"). References in this Prospectus to Notes being "listed" (and all related references) shall mean that such Notes have been listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market. Unlisted Notes may not be issued pursuant to the Programme. The relevant Final Terms in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market (or any other stock exchange).

Each Series (as defined in "General Description of the Programme – Method of Issue") of Notes will be represented on issue by a temporary global note (each a "temporary Global Note") or a permanent global note (each a "permanent Global Note"). If the Global Note are stated in the applicable Final Terms to be issued in new global note ("**NGN**") form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche to a common Safekeeper (the "**Common Safekeeper**") for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, SA ("**Clearstream, Luxembourg**"). Global Notes which are not issued in NGN form ("Classic Global Notes" or "CGNs") will be deposited on the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"). The provisions governing the exchange of interests in Global Notes for other Global Notes and definitive Notes are described in "Summary of Provisions Relating to the Notes while in Global Form".

MIFID II product governance / target market – The Final Terms in respect of any Notes will include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MIFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Instruments or otherwise making them available to retail investors in the EEA or in the UK will be prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

Amounts payable on Floating Rate Notes may be calculated by reference to one of the Euro Interbank Offered Rate ("**EURIBOR**"), the London Interbank Offered Rate ("**LIBOR**") or the Sterling Overnight Index Average ("**SONIA**") rate as specified in the relevant Final Terms, which are provided by the European Money Markets Institutes ("**EMMI**"), ICE Benchmark Administration Limited ("**ICE**") and the Bank of England, respectively. If any such reference rate constitutes a benchmark for the purposes of Regulation (EU) No. 2016/1011 (the "**Benchmark Regulation**"), the Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority ("**ESMA**") pursuant to Article 36 of the Benchmark Regulation. As at the date of this Prospectus, EMMI and ICE are included in the register of administrators and benchmarks established and maintained by ESMA. The registration status of any administrator under the Benchmark Regulation is a matter of

public record and, save where required by applicable law, the Issuer does not intend to update the Final Terms to reflect any change in the registration status of the administrator.

The rating of certain Series of Notes to be issued under the Programme may be specified in the applicable Final Terms. Whether or not each credit rating applied for in relation to the relevant Series of Notes will be issued by a credit rating agency established in the European Union or in the UK and registered under Regulation (EC) No. 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "**CRA Regulation**") will be disclosed in the Final Terms. A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu. The Guarantor's long-term debt is rated A- by Fitch Ratings Ltd ("**Fitch**") and BBB+ by Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies Inc. ("**S&P**"). Fitch and S&P are each a credit rating agency established in the EEA and in the UK and registered under the CRA Regulation.

Prospective investors should have regard to the factors described under the section headed "Risk Factors" in this Prospectus.

This Prospectus will be valid as a base prospectus under the Prospectus Regulation for 12 months from 11 May 2020. The obligation to supplement this Prospectus in the event of significant new factors, material mistakes or material inaccuracies will not apply following the expiry of that period

Dealers

BANCA IMI

BANCO BILBAO VIZCAYA ARGENTARIA, S.A.

BNP PARIBAS

CAIXABANK

CITIGROUP

MEDIOBANCA

MIZUHO SECURITIES

NATIXIS

SANTANDER GLOBAL CORPORATE BANKING

SOCIÉTÉ GÉNÉRALE CORPORATE & INVESTMENT BANKING

Arranger for the Programme

BNP PARIBAS

This Prospectus comprises a base prospectus for Article 8 of the Prospectus Regulation.

The Issuer and the Guarantor (the "**Responsible Persons**") accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor the information contained in this Prospectus is in accordance with the facts. The Prospectus as completed by the Final Terms makes no omission likely to affect the import of such information.

This Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "**Documents Incorporated by Reference**").

No person has been authorised to give any information or to make any representation other than those contained in this Prospectus in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or any of the Dealers or the Arranger (as defined in "General Description of the Programme"). Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that there has been no adverse change in the financial position of the Issuer or the Guarantor since the date hereof or the date upon which this Prospectus has been most recently supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

In the case of any Notes which are to be admitted to trading on a regulated market within the EEA or the UK or offered to the public in a Member State of the EEA or in the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes). Unless otherwise permitted by the current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the UK or whose issue otherwise constitutes a contravention of section 19 of FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).

The distribution of this Prospectus and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer, the Guarantor, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes and the Guarantee have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Prospectus, see "Subscription and Sale".

This Prospectus does not constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor or the Dealers to subscribe for, or purchase, any Notes.

The Arranger and the Dealers have not separately verified the information contained in this Prospectus. None of the Dealers or the Arranger makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Prospectus. No Dealer accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Programme.

To the fullest extent permitted by law, none of the Dealers or the Arranger or the Fiscal Agent accepts any responsibility for the contents of this Prospectus or for any other statement, made or purported to

be made by the Arranger or a Dealer or the Fiscal Agent or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. The Arranger and each Dealer and the Fiscal Agent accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Prospectus or any such statement. Neither this Prospectus nor any other financial statements are intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuer, the Guarantor, the Arranger or the Dealers that any recipient of this Prospectus or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Prospectus and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuer or the Guarantor during the life of the arrangements contemplated by this Prospectus or to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in "General Description of the Programme – Method of Issue"), the Dealer or Dealers (if any) named as the stabilisation manager(s) (the "Stabilisation Manager(s)") (or any person acting on behalf of any Stabilisation Manager(s)) in the applicable Final Terms may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche and 60 days after the date of the allotment of the relevant Tranche. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or any person acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

In this Prospectus, unless otherwise specified or the context otherwise requires, references to euro and € are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended; references to $, U.S. dollars or dollars are to United States dollars; and references to "Renminbi" and "CNY" are to the lawful currency of the People's Republic of China (the "PRC", for the purpose of this Prospectus only, not including the Hong Kong and Macau Special Administrative Regions or Taiwan).

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms.

Issuer:	Enagás Financiaciones, S.A.U.
Legal Entity Identifier of the Issuer:	213800H2FQSU5E19V152
Guarantor:	Enagás, S.A. The payment of all amounts due in respect of the Notes will be unconditionally and irrevocably guaranteed by Enagás.
Legal Entity Identifier of the Guarantor:	213800OU3FQKGM4M2U23
Website of the Guarantor:	www.enagas.es
Description:	Guaranteed Euro Medium Term Note Programme
Size:	Up to €4,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	BNP Paribas
Dealers:	Banca IMI S.p.A. Banco Bilbao Vizcaya Argentaria, S.A. Banco Santander, S.A. BNP Paribas CaixaBank, S.A. Citigroup Global Markets Europe AG Citigroup Global Markets Limited Mediobanca – Banca di Credito Finanziario S.p.A. Mizuho International plc Mizuho Securities Europe GmbH Natixis Société Générale The Issuer may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers either in respect of one or more Tranches or in respect of the whole Programme. References in this Prospectus to "Permanent Dealers" are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to "Dealers" are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.
Fiscal Agent:	The Bank of New York Mellon, London Branch
Method of Issue:	The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a "**Series**") having

	one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in tranches (each a "**Tranche**") on the same or different issue dates. The specific terms of each Tranche (which will be completed, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be completed in the final terms (the "**Final Terms**").
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	The Notes will be issued in bearer form. Each Tranche of Notes will be represented on issue by a temporary Global Note if (i) definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with the D Rules (as defined in "Subscription and Sale – Selling Restrictions" below), otherwise such Tranche will be represented by a permanent Global Note.
Clearing Systems:	Clearstream, Luxembourg, Euroclear and, in relation to any Tranche, such other clearing system as may be agreed between the Issuer, the Fiscal Agent and the relevant Dealer.
Initial Delivery of Notes:	On or before the issue date for each Tranche, if the relevant Global Note is a NGN, the Global Note will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN, the Global Note representing Notes may (or, in the case of Notes listed on the Luxembourg Stock Exchange, shall) be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Global Notes relating to Notes that are not listed on the Luxembourg Stock Exchange may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the Issuer, the Fiscal Agent and the relevant Dealer.
Currencies:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the Issuer, the Guarantor and the relevant Dealers.
Maturities:	Subject to compliance with all relevant laws, regulations and directives, any maturity.
Specified Denomination:	Definitive Notes will be in such denominations as may be specified in the relevant Final Terms save that (i) in the case of any Notes which are to be admitted to trading on a regulated market within the EEA or in the UK or offered to the public in

	an EEA state or in the UK in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum specified denomination shall be €100,000 (or its equivalent in any other currency as at the date of issue of the Notes); and (ii) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or its equivalent in other currencies).
Fixed Rate Notes:	Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Final Terms.
Floating Rate Notes:	Floating Rate Notes will bear interest determined separately for each Series as follows: (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series including by the ISDA Benchmarks Supplement; as specified in the relevant Final Terms); or (ii) by reference to LIBOR, SONIA or EURIBOR (or such other benchmark as may be specified in the relevant Final Terms) as adjusted for any applicable margin. Interest periods will be specified in the relevant Final Terms.
Zero Coupon Notes:	Zero Coupon Notes (as defined in "**Terms and Conditions of the Notes**") may be issued at their nominal amount or at a discount to it and will not bear interest.
Interest Periods and Interest Rates:	The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Final Terms.
Redemption:	The relevant Final Terms will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year in respect of which the issue proceeds are to be accepted by the Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have

	a minimum redemption amount of £100,000 (or its equivalent in other currencies). No money market instruments having a maturity of less than one year will be offered to the public or admitted to trading on a regulated market under this Base Prospectus.
Optional Redemption:	The Final Terms issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the Issuer (either in whole or in part) and/or the holders.
Status of the Notes and the Guarantee:	The Notes and the obligations of the Guarantor under its Guarantee will constitute unsubordinated and unsecured obligations of the Issuer and the Guarantor, all as described in "Terms and Conditions of the Notes – Status".
Negative Pledge:	See "Terms and Conditions of the Notes – Negative Pledge".
Cross Default:	See "Terms and Conditions of the Notes – Events of Default".
Ratings:	Tranches of Notes will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will be specified in the relevant Final Terms. Whether or not a rating in relation to any Tranche of Notes will be treated as having been issued by a credit rating agency established in the European Union and registered under the CRA Regulation on credit rating agencies will be disclosed in the relevant Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Early Redemption:	Except as provided in "Optional Redemption" above, Notes will be redeemable at the option of the Issuer prior to maturity only for tax reasons. See "Terms and Conditions of the Notes – Redemption, Purchase and Options".
Taxation:	All payments in respect of the Notes will be made without deduction for, or on account of, withholding taxes imposed by Spain unless such taxes are required by law to be withheld. In the event that any such deduction is made, the Issuer or the Guarantor will, save in certain circumstances as described in "Terms and Conditions of the Notes – Taxation" be required to pay additional amounts to cover any amounts so deducted. The Issuer considers that, according to Royal Decree 1065/2007 of 27 July, it is not obliged to withhold taxes in Spain in relation to interest paid on the Notes to any investor (whether tax resident in Spain or not) provided that the information procedures described in section "Taxation and Disclosure of Information in Connection with the Notes" below are fulfilled. According to the information procedures described in section "Taxation and Disclosure of Information in Connection with the

	Notes", it would no longer be necessary to provide the Issuer with information regarding the identity and tax residence of the Noteholders and the amount of interest payable to them. For further information regarding the interpretation of Royal Decree 1065/2007 of 27 July, please refer to "Risk Factors — Risks relating to Spanish Withholding Tax".
Governing Law:	Save as defined in the paragraph below, the conditions of the Notes will be governed by, and construed in accordance with, English law. Condition 3(b) (Guarantee and Status) will be governed by Spanish law.
Listing and Admission to Trading:	Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market or as otherwise specified in the relevant Final Terms and references to listing shall be construed accordingly.
Selling Restrictions:	The United States, the EEA, the United Kingdom, Spain, Japan, Italy, Hong Kong and People's Republic of China. See "Subscription and Sale". The Issuer is Category 2 for the purposes of Regulation S under the Securities Act. The Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**")) (the "**D Rules**") unless (i) the relevant Final Terms states that Notes are issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(C) (or any successor rules in substantially the same form that are applicable for purposes of Section 4701 of the Code) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

The Issuer and the Guarantor believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor are in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.

The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the Issuer or the Guarantor may be unable to pay interest, principal or other amounts on or in connection with any Notes for other reasons and the Issuer and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risks Relating to the Issuer

The Issuer is a finance vehicle established by Enagás for the purpose of issuing notes and other debt securities on behalf of the Group. The Issuer's principal liabilities will comprise the Notes and other debt securities issued by it, and its principal assets will comprise its rights (if any) under agreements under which the net proceeds from the issue of the Notes and other debt securities are on-lent to or otherwise invested in Enagás. Accordingly, in order to meet its obligations under the Notes, the Issuer is dependent upon Enagás meeting its obligations under such agreements in a timely fashion. The failure of Enagás to do so in a timely fashion could have a material adverse effect on the ability of the Issuer to fulfil its obligations under the Notes issued under the Programme. The fact that Enagás wholly owns the Issuer may limit the ability of the Issuer to enforce these obligations.

Risks Relating to the Guarantor

Strategic and Business Risks

Risks associated with alterations in the demand of gas and market forces

Growth opportunities of the Group are closely linked both to growth of demand in the long term for natural gas in the countries in which it operates and to peak demand of the system, which depend on a series of factors beyond the control of the Group. These factors include, among others, the development of the electricity sector, the development of alternative energies, the price of natural gas in comparison with other energies, the general economic situation, climate change, the capacity for international import of natural gas by pipeline, environmental legislation and uninterrupted imports of natural gas from foreign countries.

The Group's infrastructure investment plans are based on projected natural gas demand over the coming years. These estimates are made based on current data and historical information on the evolution of the market.

Also, the demand for electricity and natural gas is closely related to climate. Generally, demand is higher during the cold weather months (in Europe, October through March) and lower during the warm weather months (in Europe, April through September). A significant portion of demand for natural gas in the winter months relates to the production of electricity and heat and, in the summer months, to the production of electricity for air-

conditioning systems. The revenues and results of the Group's natural gas operations could be negatively affected by periods of unseasonable warm weather during the autumn and winter months. Likewise, electricity demand may decrease during mild summers as a result of reduced demand for air-conditioning, having a negative impact on revenues generated.

If demand for natural gas does not increase at the forecasted pace the strategic plan of the Group could be affected, which could have a material adverse effect on the business, financial condition and results of the Group.

As a result of the regulatory review of Spain discussed below, for the next regulatory period (2021-2026) a non-significant percentage of annual remuneration for natural gas transmission, regasification and storage activities (Remuneration for continuity of supply, "**RCS**") is affected by demand. Such percentage will be linked to real demand for the year 2020, is fixed and will progressively be equal to 0% in the year 2025. However, the RCS is no longer indexed to the variation in demand or regasification but is calculated on the basis of the RCS recognised in the year 2020, adjusted by the following coefficients for the different gas years of the second regulatory period: ¾ of 95% for 2021, 80% for 2022, 65% for 2023, 50% for 2024, 35% for 2025 and 20% for 2026. Such percentage will be linked to real demand in 2020, is fixed and will progressively be equal to 0% in the year 2025.

Regulatory risk

The Group operates in a highly regulated market that has undergone significant changes over recent years. Both Spanish and European regulations determine the scope of the business undertaken by the Group and the compensation scheme for regulated activities in the natural gas sector. As the Group develops its international expansion strategy, the Group is also required to comply with the requirements of the regulatory authorities of the other countries in which it operates. These activities particularly include gas transport, regasification, underground storage and the technical management of the system. Consequently, changes in law or regulation or regulatory policy which affect the Group's business could materially adversely affect it. Decisions or rulings concerning, for example: (i) liberalisation of certain activities; (ii) whether licences, approvals, concessions or agreements to operate or supply are granted or are renewed or whether there has been any breach of the terms of a licence, approval, concession or regulatory requirement; (iii) timely recovery of incurred expenditure or obligations, a decoupling of energy usage and revenue and other decisions relating to the impact of general economic conditions on it, implications of climate change, the level of permitted revenues and dividend distributions for its businesses or in relation to proposed business development activities; and (iv) structural changes in regulation, could have a material adverse effect on the business, financial condition and results of the Group.

A regulatory review of the regulations in the Spanish gas market has taken place with the approval of Royal Decree-Law 8/2014, of 4 July, (and Law 18/2014, of 15 October) and Royal Decree-Law 1/2019, of 11 January. One of the objectives of this regulation is to establish a stable and predictable regulatory framework and to address the differences between costs and revenues. As a result of this regulatory review, a six-year regulatory period has been established, during which a new remuneration methodology for transport, regasification, underground storage and distribution will apply.

The next regulatory period will commence in January 2021. The new financial return rate approved for transport and regasification activities by the Spanish National Markets and Competition Commission ("**CNMC**") as from such date is 5.44%. In accordance with the report justifying Circular 9/2019 of December 12, of the CNMC, it is estimated that if demand during the period 2021-2026 remains similar to that expected for 2019, the average annual economic impact during the period 2021-2026 of the methodology proposed in the Circular would be an average annual reduction of approximately 117 million euros on the remuneration resulting from maintaining the current methodology, 11 million euros for regasification activity (3% reduction compared to 2019) and 106

million euros for transmission activity (14% reduction compared to 2019). The Royal Decree establishing the methodology for the remuneration of underground storage is pending processing and approval, although it is expected that the framework to be established will be very similar to that established in Circular 9/2019 for transport and regasification activities, with the particularity that the investments and operation and maintenance costs in storage facilities are to date unique.

Although Enagás considers that the Group is, in all material respects, in compliance with the laws governing its activities, it is subject to a large number of laws across various jurisdictions. If the competent public or private sector bodies were to interpret or apply such laws in a manner contrary to Enagás' interpretation of them, such compliance could be questioned or challenged and, if any non-compliance were to be alleged or proven, it could have a material adverse effect on the Group's subsidies, business, prospects, financial condition and results.

In addition, it should be noted that many of the Group's authorisations, licences and concessions are subject to the fulfilment of certain commitments which, if not met, can lead to sanctions, a reduction in remuneration, revocation of the authorisations, licenses and concessions and enforcement of any guarantees provided, which could have a material adverse effect on the business, financial condition and results of the Group.

In addition, the international expansion process that the Group has undertaken in recent years means that a part of the Group's operations and investments are developed by investee companies that are not fully owned by the Group. This means that, the Group's activities are now also taking place under different regulatory frameworks and business dynamics, so potential risks related to these investments could arise.

Furthermore, the Group is exposed to risks related to taxes and potential changes in tax regimes, international treaties and administrative practices to which it is subject, even retroactively. In addition, its interpretation of the tax regulatory framework may be deemed incorrect by the tax authorities. Any change to applicable tax legislation or decisions adopted by the tax authorities could entail fines or extra costs and adversely affect the Group's business, prospects, financial condition and results.

Risk associated with the construction of new facilities

All new investments are subject to a range of market, credit, commercial, regulatory, operational and other risks, which may affect the profitability of the project.

In particular, the construction and development of natural gas transmission, regasification or storage infrastructure can be time-consuming and highly complex. In connection with the development of such facilities, the Group must generally obtain government permits and approvals, enter into an eminent domain process, enter into engineering, procurement and construction contracts, enter into operation and maintenance agreements and off-take arrangements and obtain sufficient equity capital and debt financing. In addition, the development of this type of infrastructure may have opposition from local communities and political and other interest groups, which may affect the Group's ability to obtain administrative permits and licenses.

Any increase in the costs of equipment, materials, labour and financing or cancellation of and/or delay in the completion of the Group's projects under development and projects proposed for development could have a material adverse effect on its business, prospects, financial condition and results. Some international developments include penalties in the event of delay, and in some cases the concession contract could even be cancelled. In particular, if the Group were unable to complete projects under development, it may not be able to recover the costs incurred and its profitability could be adversely affected.

The Group performs periodic monitoring of asset planning risks associated with each project and undertakes measures to mitigate them. The Group is not, however, able to predict whether these initiatives imply an increase in the investment costs, modifications in the design, or delays in the commissioning.

Litigation

The Group is from time to time and in the future may be, involved in legal proceedings (please see "*Description of Enagás, S.A. – Litigation*"). There can be no assurances that the outcome of any arbitration proceedings, should they occur, will be favourable to Enagás. The outcome of disputes and legal proceedings is inherently difficult to predict, particularly where the claimants seek very large or indeterminate damages. Any negative result in relation to any such proceedings may have an adverse effect on the Group's financial position, reputation and profitability.

Operational and Technological Risks

Operating risks

The Group may suffer a major network failure or interruption or may not be able to carry out critical non-network operations. Operational performance could be materially adversely affected by a failure to maintain the health of the system or network, inadequate forecasting of demand, inadequate recordkeeping or failure of information systems and supporting technology. This could cause the Group to fail to meet agreed standards of service or incentive and reliability targets or be in breach of a licence, approval, concession, regulatory requirement or contractual obligation, and even incidents that do not amount to a breach could result in adverse regulatory and financial consequences and harm the Group's reputation. In some of the international markets in which the Group operates, interruption or unavailability of the service entails penalties and may result in loss of profit.

In addition to these risks, the Group may be affected by other potential events that are largely outside its control such as the impact of weather (including as a result of climate change), unlawful or unintentional acts of third parties or force majeure. Weather conditions, including prolonged periods of adverse weather, can affect financial performance and severe weather that causes outages or damages infrastructure will materially adversely affect operational performance and potentially business performance and the Group's reputation. A terrorist attack, sabotage or any other intentional act, such as a cyberattack, may also damage the Group's assets or otherwise significantly affect corporate activities and, as a consequence, have material adverse effects on the Group's business, financial condition and results.

Additionally, the Group may be subject to civil liability claims for personal injury and/or other damages caused in the ordinary pursuit of its activities, such as failures in its distribution network, gas explosions, pollution or toxic spills or incidents with its generating plants. Such claims could result in the payment of compensation by the Group, which could give rise, to the extent that its contracted civil liability insurance policies do not cover the damages, to material adverse effects on the Group's business, financial condition and results.

Cybersecurity risks and failures of the Group's information systems

Enagás is exposed to the risk of suffering a cyberattack that could result in the failure or delay in the supply of gas services. Cybersecurity breaches, failures of the Group's information technology systems and other disruptions or security breaches could result in key infrastructure becoming unavailable, leading to potential delays or even failures in the availability of gas, as well as compromise information held by the Group and expose it to liability, which could cause its business and reputation to suffer.

In the ordinary course of its business, the Group collects and stores sensitive data, its own business information and that of its customers, suppliers and business partners. The Group is also highly dependent on financial, accounting and other data processing systems and other communications and information systems. Despite the Group's security measures, its information technology and infrastructure may be vulnerable to attacks by hackers or may be breached due to employee error, malfeasance or other disruptions.

As in previous years, Enagás' IT systems were not subjected to any successful attacks in 2019. Nevertheless, if a key system were to fail or experience unscheduled downtime for any reason, the Group's operations and

financial results could be adversely affected. Any such breach or malfunction could compromise the Group's networks and the information stored therein could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could result in legal claims or proceedings, liability under laws that protect the privacy of personal information, regulatory penalties, disruption of the Group's operations, damage to its reputation, and a loss of confidence in the Group's services, which could adversely affect its business.

Environmental and health and safety risks

Aspects of the Group's activities are potentially dangerous, such as the operation and maintenance of gas transmission and distribution networks, and regasification plants. Gas utilities also typically use and generate in their operations hazardous and potentially hazardous products and by-products. In addition, there may be other aspects of its operations that are not currently regarded or proved to have adverse effects but could prove to have such effects in the future.

The Group is subject to laws and regulations relating to pollution, the protection of the environment and the use and disposal of hazardous substances and waste materials. These expose the Group to costs and liabilities relating to its operations and properties, including those inherited from predecessor bodies or from bodies formerly owned by the Group and from sites used for the disposal of its waste. The cost of future environmental remediation obligations is often inherently difficult to estimate and uncertainties can include the extent of contamination, the appropriate corrective actions and the Group's share of the liability. The Group is also subject to laws and regulations governing health and safety matters protecting the public and its employees. The Group is increasingly subject to regulation in relation to climate change. The Group commits significant expenditure to comply with these laws and regulations. If additional requirements are imposed or its ability to recover these costs under the relevant regulatory framework changes, this could have a material adverse impact on the Group's business, financial condition and its results. Furthermore, any breach of these regulatory or contractual obligations, or even incidents that do not amount to a breach, could materially adversely affect the Group's results and its reputation.

Financial Risks

Interest rate risk

The Group's debt is subject to fluctuations in interest rates, primarily EURIBOR. Variations in interest rates modify the reasonable value of those assets and liabilities that accrue a fixed interest rate as well as the future flows of assets and liabilities referenced against a variable interest rate. Although the Group takes a proactive approach to the management of the interest rate risk in order to minimise its impact on the Group's revenues (such as hedging transactions being carried out by contracting derivatives), in some cases the policies it implements may not be effective in mitigating the adverse effects caused by interest rate variations and these could therefore have an adverse impact on the Group's business, financial condition and results.

Exchange rate risk

The Group is exposed to exchange rate risks in relation to debt denominated in foreign currencies contracted by the Guarantor and its affiliate companies, income and expenses of subsidiaries in the operating currency of each company (in certain cases referenced to the evolution of the U.S. dollar), and net assets from net investments made in foreign companies where their operating currency is not the euro. These net assets are subject to the risk of exchange rate fluctuation in the conversion of the financial statements in the consolidation process.

Although the Group has risk management strategies in place that attempt to hedge exchange rate risk, such strategies may not be fully effective at the time of limiting exposure to changes in exchange rates of foreign currencies, which could adversely affect the Group's financial situation and results.

Liquidity and availability of funding risks

The Group's business is financed through cash generated from on-going operations and the capital markets, particularly the long-term debt capital markets. The maturity and repayment profile of debt that the Group uses to finance investments often does not correlate to cash flows from its assets. As a result, the Group accesses commercial paper and money markets and longer-term bank and capital markets as sources of finance. Some of the debt the Group issues may be rated by credit rating agencies and changes to these ratings may affect both its borrowing capacity and the cost of those borrowings.

Nevertheless, as evidenced during recent periods, financial markets can be subject to periods of volatility and shortages of liquidity and if the Group were unable to access the capital markets or other sources of finance at competitive rates for a prolonged period, its cost of financing may increase, the uncommitted and discretionary elements of the Group's proposed capital investment programme may need to be reconsidered and the manner in which the Group implements its strategy may need to be reassessed. The occurrence of any such events could have a material adverse impact on the Group's business, financial condition and results.

Risks Related to the Notes issued under the Programme

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

Notes may not be a suitable investment for all investors

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including where principal or interest is payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the relevant Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Notes subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Fixed/Floating Rate Notes

Fixed/Floating Rate Notes may bear interest at a rate that the Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Terms and conditions of the Notes also provide that the Issuer may, without the consent of Noteholders substitute for itself as principal debtor under any Notes another company in the circumstances described in Condition 12(d) of the Terms and Conditions of the Notes.

The value of and return on any Notes linked to a benchmark may be adversely affected by ongoing national and international regulatory reform in relation to benchmarks of future discontinuance of benchmarks

Reference rates and indices such as EURIBOR or LIBOR and other interest rate or other types of rates and indices which are deemed used to determine the amounts payable under financial instruments or the value of such financial instruments (each a "**Benchmark**" and together, the "**Benchmarks**"), have, in recent years, been the subject of political and regulatory scrutiny as to how they are created and operated. This has resulted in regulatory reform and changes to existing Benchmarks, with further changes anticipated. These reforms and changes may cause a Benchmark to perform differently than it has done in the past or to be discontinued. Any change in the performance of a Benchmark or its discontinuation, could have a material adverse effect on any Notes referencing or linked to such Benchmark.

In a speech on 27 July 2017, Andrew Bailey, the Chief Executive of the Financial Conduct Authority (the "**FCA**"), questioned the sustainability of LIBOR in its current form, given that the underlying transactions forming the basis of the benchmark are insufficient to support the volumes of transactions that rely upon it, and

made clear the need to transition away from LIBOR to alternative reference rates. He noted that there was support among the LIBOR panel banks for voluntarily sustaining LIBOR until the end of 2021, facilitating this transition. At the end of this period, it is the FCA's intention not to sustain LIBOR through its influence or legal powers by persuading or obliging banks to submit to LIBOR. Therefore, the continuation of LIBOR in its current form (or at all) after 2021 cannot be guaranteed. Subsequent speeches by Andrew Bailey and other FCA officials have emphasised that market participants should not rely on the continued publication of LIBOR after the end of 2021.

Other interbank offered rates ("**IBOR**") suffer from similar weaknesses to LIBOR and although work continues on reforming their respective methodologies to make them more grounded in actual transactions, they may be discontinued or be subject to changes in their administration.

In particular, the Benchmark Regulation came into force on 1 January 2018. The Benchmark Regulation applies to "contributors", "administrators" and "users" of "benchmarks" in the EU, and, among other things, (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised) and to comply with extensive requirements in relation to the administration of "benchmarks" (or, if non-EU-based, to be subject to equivalent requirements) and (ii) prevents certain uses by EU supervised entities of "benchmarks" of unauthorised administrators. The Benchmark Regulation could have a material impact on any Notes linked to an IBOR or another "benchmark" rate or index, in particular, if the methodology or other terms of a "benchmark" are changed in order to comply with the requirements of the Benchmark Regulation. Such changes could, among other things, have the effect of reducing, increasing the volatility of the published rate or level of the benchmark.

Changes to the administration of an IBOR or the emergence of alternatives to an IBOR, may cause such IBOR to perform differently than in the past, or there could be other consequences which cannot be predicted. The discontinuation of an IBOR or changes to its administration could require changes to the way in which the Rate of Interest is calculated in respect of any Notes referencing or linked to such IBOR. The development of alternatives to an IBOR may result in Notes linked to or referencing such IBOR performing differently than would otherwise have been the case if the alternatives to such IBOR had not developed. Any such consequence could have a material adverse effect on the value of, and return on, any Notes linked to or referencing such IBOR.

Whilst alternatives to certain IBORs for use in the bond market are being developed, outstanding Notes linked to or referencing an IBOR may transition away from such IBOR in accordance with the particular fallback arrangements set out in their terms and conditions. The operation of these fallback arrangements could result in a different return for Noteholders and Couponholders (which may include payment of a lower Rate of Interest) than they might receive under other similar securities which contain different or no fallback arrangements (including which they may otherwise receive in the event that legislative measures or other initiatives (if any) are introduced to transition from any given IBOR to an alternative rate).

Where Screen Rate Determination is specified as the manner in which the Rate of Interest in respect of floating rate Notes is to be determined, the Conditions provide that the Rate of Interest shall be determined by reference to the Relevant Screen Page (or its successor or replacement). In circumstances where such Original Reference Rate is discontinued, neither the Relevant Screen Page, nor any successor or replacement may be available.

Where the Relevant Screen Page is not available, and no successor or replacement for the Relevant Screen Page is available, the Conditions provide for the Rate of Interest to be determined by the Calculation Agent by reference to quotations from banks communicated to the Calculation Agent.

Where such quotations are not available (as may be the case if the relevant banks are not submitting rates for the determination of such Original Reference Rate), the Rate of Interest may ultimately revert to the Rate of Interest applicable as at the last preceding Interest Determination Date before the Original Reference Rate was

discontinued. Uncertainty as to the continuation of the Original Reference Rate, the availability of quotes from reference banks, and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the floating rate Notes.

Benchmark Events include (amongst other events) permanent discontinuation of an Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser. The Independent Adviser shall endeavour to determine a Successor Rate or Alternative Rate to be used in place of the Original Reference Rate. The use of any such Successor Rate or Alternative Rate to determine the Rate of Interest is likely to result in Notes initially linked to or referencing the Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

Furthermore, if a Successor Rate or Alternative Rate for the Original Reference Rate is determined by the Independent Adviser, the Conditions provide that the Issuer may vary the Conditions, as necessary to ensure the proper operation of such Successor Rate or Alternative Rate, without any requirement for consent or approval of the Noteholders.

If a Successor Rate or Alternative Rate is determined by the Independent Adviser, the Conditions also provide that an Adjustment Spread will be determined by the Independent Adviser and applied to such Successor Rate or Alternative Rate.

The Adjustment Spread is (i) the spread, formula or methodology which is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body (which may include a relevant central bank, supervisory authority or group of central banks/supervisory authorities), (ii) if no such recommendation has been made, or in the case of an Alternative Rate, the spread, formula or methodology which the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate, or (iii) if the Independent Adviser determines that no such spread is customarily applied, the spread, formula or methodology which the Independent Adviser determines and which is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate, as the case may be.

Accordingly, the application of an Adjustment Spread may result in the Notes performing differently (which may include payment of a lower Rate of Interest) than they would do if the Original Reference Rate were to continue to apply in its current form.

The Issuer may be unable to appoint an Independent Adviser or the Independent Adviser may not be able to determine a Successor Rate or Alternative Rate in accordance with the terms and conditions of the Notes.

Where the Issuer is unable to appoint an Independent Adviser in a timely manner, or the Independent Adviser is unable, to determine a Successor Rate or Alternative Rate before the next Interest Determination Date, the Rate of Interest for the next succeeding Interest Period will be the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event, or, where the Benchmark Event occurs before the first Interest Determination Date, the Rate of Interest will be the initial Rate of Interest.

Where the Issuer has been unable to appoint an Independent Adviser or, the Independent Adviser has failed, to determine a Successor Rate or Alternative Rate in respect of any given Interest Period, it will continue to attempt to appoint an Independent Adviser in a timely manner before the next succeeding Interest Determination Date and/or to determine a Successor Rate or Alternative Rate to apply the next succeeding and any subsequent Interest Periods, as necessary.

Applying the initial Rate of Interest, or the Rate of Interest applicable as at the last preceding Interest Determination Date before the occurrence of the Benchmark Event is likely to result in Notes linked to or referencing the relevant benchmark performing differently (which may include payment of a lower Rate of Interest) than they would do if the relevant benchmark were to continue to apply, or if a Successor Rate or Alternative Rate could be determined.

The market continues to develop in relation to risk-free rates (including SONIA) as reference rates for floating rate Notes

Nascent risk-free rates and market

Investors should be aware that the market continues to develop in relation to risk-free rates, such as SONIA, as reference rates in the capital markets for sterling bonds, as applicable, and their adoption as alternatives to the relevant interbank offered rates. SONIA has been recently reformed and other risk-free rates are newly established. Therefore, SONIA (as reformed) and other risk-free rates have a limited performance history and the future performance of such risk-free rates is impossible to predict. As a consequence, no future performance of the relevant risk-free rate or Notes referencing such risk-free rate may be inferred from any of the hypothetical or actual historical performance data.

Calculation of Interest

Interest is calculated on the basis of the compounded risk-free rate. Compounded SONIA is calculated using the relevant specific formula set out in the Conditions, not on the basis of a risk-free rate published on or in respect of a particular date during the Observation Period or an arithmetic average of the relevant risk-free rates during such period. For this and other reasons, the interest rate on the Notes during any Observation Period will not be the same as the interest rate on other investments linked to the risk-free rate that uses an alternative basis to determine the applicable interest rate.

In addition, market participants and relevant working groups are exploring alternative reference rates based on risk-free rates, including term SONIA reference rates (which seek to measure the market's forward expectation of an average SONIA rate over a designated term).

Interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference risk-free rates to reliably estimate the amount of interest which will be payable on such Notes. Further, if the Notes become due and payable under Condition 10 or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

Each risk-free rate is published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that the relevant risk-free rate will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference a such risk-free rate (or that any applicable benchmark fallback provisions provided for in the Conditions will provide a rate which is economically equivalent for Noteholders). The Bank of England, as administrator of SONIA, does not have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing the relevant risk-free rate. If the manner in which the relevant risk-free rate is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

Market Adoption

The market or a significant part thereof may adopt an application of risk-free rates that differs significantly from that set out in the Conditions and used in relation to Notes that reference a risk-free rate issued under this Base Prospectus. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

Risks related to the Spanish Withholding Tax

The Issuer considers that, according to article 44 of Royal Decree 1065/2007, of 27 July ("**Royal Decree 1065/2007**") as amended by Royal Decree 1145/2011, of 29 July ("**Royal Decree 1145/2011**"), it is not obliged to withhold taxes in Spain on any interest paid under the Notes to any Noteholder, irrespective of whether such Noteholder is tax resident in Spain. The foregoing is subject to certain information procedures (which do not require identification of the Noteholders) having been fulfilled. These procedures are described in "*Taxation – Spanish Tax Considerations – Disclosure of Information in Connection with the Notes*" below.

The Issuer and the Paying Agent will, to the extent applicable, comply with the relevant procedures to facilitate the collection of information concerning the Notes. The procedures may be modified, amended or supplemented to, among other reasons, reflect a change in applicable Spanish law, regulation, ruling or interpretation thereof.

Under Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, it is no longer necessary to provide an issuer with information regarding the identity and the tax residence of an investor or the amount of interest paid to it, provided that the securities: (i) are regarded as listed debt securities issued under Law 10/2014, of 26 June, on organisation, supervision and solvency of credit institutions ("**Law 10/2014**"); and (ii) are initially registered at a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state. The Issuer considers that the Notes meet the requirements referred to in (i) and (ii) above and that, consequently, payments made by the Issuer to Noteholders should be paid free of Spanish withholding tax.

Notwithstanding the above, in the case of Notes held by Spanish tax resident individuals (and under certain circumstances, by Spanish entities subject to Corporate Income Tax) and deposited with a Spanish resident entity acting as depositary or custodian, payments in respect of such Notes may be subject to withholding by such depositary or custodian at the rate of 19 per cent.

If the Spanish Tax Authorities maintain a different opinion as to the application by the Issuer or the Guarantor, as the case may be, of withholding to payments made to Spanish tax residents (individuals and entities subject to Corporate Income Tax), the Issuer or the Guarantor, as the case may be, will be bound by the opinion and, with immediate effect, will make the appropriate withholding. If this is the case, identification of Noteholders may be required and the procedures, if any, for the collection of relevant information will be applied by the Issuer (to the extent required) so that it can comply with its obligations under the applicable legislation as interpreted by the Spanish Tax Authorities. If procedures for the collection of the Noteholders information are to apply, the Noteholders will be informed of such new procedures and their implications. Holders of the Notes must seek their own advice to ensure that they comply with all procedures to ensure the correct tax treatment of their Notes. None of the Issuer, the Dealers, or the Paying Agent assume any responsibility therefor.

Risks related to Spanish Insolvency Law

Law 22/2003 (*Ley Concursal*) dated 9 July 2003 (the "**Spanish Insolvency Law**"), provides, among other things, that: (i) any claim may become subordinated if it is not included in a company's accounts or otherwise reported to the insolvency administrators within the required timeframes set forth therein; (ii) actions that cause a detriment to the assets of the insolvent debtor carried out during the two year period preceding the date of its declaration of insolvency may be rescinded; (iii) provisions in a contract with pending obligations for both

parties granting one party the right to terminate on the other's insolvency may not be enforceable; (iv) accrual of interest, whether ordinary or default interest (except for interest accruing under credits secured with an in rem security interest up to the amount secured with such in rem security interest), shall be suspended from the date of the declaration of insolvency, and any amount of interest accrued and unpaid up to such date (other than any interest relating to credits secured with an in rem security interest up to the amount secured with such in rem security interest) shall become subordinated.

Certain provisions of the Spanish Insolvency Law could affect the ranking of the Notes or claims relating to the Notes on an insolvency of the Issuer.

The Spanish Insolvency Law was amended by Law 38/2011, of 10 October 2011, which introduced, inter alia, a new regime for the combined opening of insolvency proceedings for various debtors (*declaración conjunta de concurso de varios deudores*). Accordingly, debtors who form part of the same group of companies or their creditors are able to request the combined opening of insolvency proceedings affecting all such group debtors (bearing in mind that the insolvency of certain companies that belong to the same group does not entail the insolvency of the rest of the companies that pertain to such group). Insolvency proceedings which have been combined shall be carried out in a coordinated manner, without the assets of the different debtors being consolidated except in circumstances in which there exists a commingling (*confusión*) of assets between all group debtors and it is not possible to separate such assets without incurring in an unjustified cost or time delay.

A substantial reform of the Spanish Insolvency Law approved in 2014 focused on pre insolvency instruments, refinancing agreements and creditors' agreements (*convenios*). The key issues addressed by such reform are as follows:

(a) *No enforcement of security in pre insolvency scenarios*: the Spanish Insolvency Law already included (art 5 bis of the Spanish Insolvency Law) a notification system for distressed companies when negotiations with creditors had been started for the purposes of agreeing a restructuring agreement, which suspended the obligation of the insolvent company to file for insolvency for a period of three months. After this period, the debtor would have to file for insolvency within the following month if the state of insolvency persisted (which is why we could say that the suspension of the obligation to file for insolvency lasts, in practice, four months). By means of the 2014 reform, a limitation was introduced on the enforcement of security over assets that are needed for the continuity of the debtor's business activity. The same restriction applies for financial creditors in respect of any asset, if 51% of the debtor's financial creditors by value have supported the start of negotiations for a restructuring agreement and committed not to initiate individual enforcements while negotiations are ongoing. Secured creditors can initiate the enforcement of security but it will be automatically suspended.

(b) *Protected restructuring agreements*: protected restructuring agreements were introduced in the Spanish Insolvency Law in 2011 in order to establish a "safe harbour" for restructuring processes, so that the claw-back actions set out under the Spanish Insolvency Law did not affect them and the transactions carried out under these restructuring agreements were not subject to scrutiny and potential annulment when the company became insolvent. However, their success has been limited given certain constraints previously included in the law. The reform carried out was aimed to further encourage the use of these pre insolvency agreements.

(c) *Spanish "schemes of arrangement"*: the restructuring agreements described above are designed to protect the actions carried out pursuant to them from the claw-back period upon insolvency of the company, but were only applicable to those creditors who were party to them. The amendments of the Spanish Insolvency Law approved in 2014 allow the cram-down of dissenting creditors within refinancing agreements when meeting certain requirements, mainly regarding majority thresholds.

(d) *Creditors' agreements*: their content is now broader and expressly includes the ability to convert debt into equity (or any debt instrument) or the assignment of assets in payment as compulsory. Proposals of creditors' agreements must contain write-downs and/or moratoria on payment, but the limits that had applied since the Spanish Insolvency Law came into force (50% and five years, respectively) have been lifted. In exchange, qualified majorities are needed for arrangements where these limits are exceeded. In addition, it is now possible to bind secured and preferential creditors provided that a particular percentage of such creditors of the same class vote in favour of the arrangement.

Risks relating to Notes denominated in Renminbi

A description of risks which may be relevant to an investor in Notes denominated in Renminbi ("**Renminbi Notes**") is set out below.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into or outside the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present. The government of the PRC (the "**PRC Government**") continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar, despite the significant reduction in control by the PRC Government in recent years over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items. However, remittance of Renminbi by foreign investors into the PRC for the purposes of capital account items, such as capital contributions, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and outside the PRC for settlement of capital account items are developing gradually.

Although starting from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that any pilot scheme for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting the remittance of Renminbi into or outside the PRC. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer or the Guarantor to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of Renminbi Notes and the Issuer's ability to source Renminbi outside the PRC to service such Renminbi Notes

As a result of the restrictions imposed by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China ("**PBoC**") has established Renminbi clearing and settlement mechanisms (the "**Settlement Arrangements**") for participating banks in various jurisdictions and entered into agreements on the clearing of Renminbi business with a number of financial institutions in a number of financial centres and cities (the "**Renminbi Clearing Banks**"), the current size of Renminbi denominated financial assets outside the PRC is limited.

The Renminbi Clearing Banks only have access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In such cases, the participating banks will need to source Renminbi outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future so as to have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of Renminbi Notes. To the extent the Issuer or the Guarantor is required to source Renminbi outside the PRC to service its Renminbi Notes, there is no assurance that either the Issuer or the Guarantor will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risk

The value of the Renminbi against the US dollar and other foreign currencies fluctuates and is affected by changes in the PRC, by international political and economic conditions and by many other factors. All payments of interest and principal with respect to Renminbi Notes will be made in Renminbi unless otherwise specified. If an investor measures its investment returns by reference to a currency other than Renminbi, an investment in Renminbi Notes entails foreign exchange related risks, including possible significant changes in the value of Renminbi relative to the currency by reference to which an investor measures its investment returns. Depreciation of the Renminbi against such currency could cause a decrease in the effective yield of Renminbi Notes below their stated coupon rates and could result in a loss when the return on Renminbi Notes is translated into such currency. In addition, there may be tax consequences for investors as a result of any foreign currency gains resulting from any investment in Renminbi Notes.

Renminbi Notes may be subject to Inconvertibility, Non-transferability or Illiquidity

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be.

Investment in Renminbi Notes is subject to interest rate risks

The PRC Government has gradually liberalised its regulation of interest rates in recent years. Further liberalisation may increase interest rate volatility. In addition, the interest rate for Renminbi in markets outside the PRC may significantly deviate from the interest rate for Renminbi in the PRC as a result of foreign exchange controls imposed by PRC law and regulations and prevailing market conditions.

As Renminbi Notes may carry a fixed interest rate, the trading price of Renminbi Notes will consequently vary with the fluctuations in the Renminbi interest rates. If holders of Renminbi Notes propose to sell their Renminbi Notes before their maturity, they may receive an offer lower than the amount they have invested.

Payments in respect of Renminbi Notes may be made only in the manner designated in the Renminbi Notes

All payments to investors in respect of Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary or common safekeeper, as the case may be, for Clearsteam, Luxembourg and Euroclear or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing rules and regulations. Nether the Issuer nor the Guarantor can be required to make

payment by any other means (including in any other currency or in bank notes, by cheque or draft or by transfer to a bank account in the PRC).

Gains on the transfer of Renminbi Notes may become subject to income taxes under PRC tax laws

Under the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementation rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. While the *PRC Enterprise Income Tax Law* levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise or individual Holder from the transfer of Renminbi Notes, its implementation rules have reduced the EIT rate to 10 per cent. In accordance with the *PRC Individual Income Tax Law* and its implementation rules, as amended from time to time, any gain realised by a non-PRC resident individual Holder from the transfer of Renminbi Notes may be regarded as being sourced from the PRC and thus be subject to IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident or individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the *PRC Enterprise Income Tax Law*, the *PRC Individual Income Tax Law* and the relevant implementation rules.

Therefore, if non-PRC resident enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes (such EIT is currently levied at the rate of 10 per cent. of gains realised and such IIT is currently levied at the rate of 20 per cent. of gains realised (with deduction of reasonable expenses)), unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT (however, qualified holders may not enjoy the treaty benefit automatically but through a successful application with the PRC tax authorities), the value of their investment in Renminbi Notes may be materially and adversely affected.

Risks related to the market generally

Set out below is a brief description of certain market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

There is no active trading market for the Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer and the Guarantor.

Although applications have been made for the Notes issued under the Programme to be listed on the Official List and admitted to trading on the Luxembourg Exchange's regulated market, there is no assurance that such applications will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. Accordingly, there can be no assurance as to the development or liquidity of any trading market for any particular Tranche of Notes.

Exchange rate risks and exchange controls for Investors

The Issuer will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risks for Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings will be disclosed in the Final Terms.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

PROSPECTUS SUPPLEMENT

If at any time the Issuer shall be required to prepare a prospectus supplement pursuant to the Prospectus Regulation, the Issuer will prepare and make available an appropriate supplement to this Prospectus which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market, shall be approved by the CSSF and constitute a prospectus supplement as required by Article 23 of the Prospectus Regulation.

Each of the Issuer and the Guarantor has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or material inaccuracy relating to information contained in this Prospectus which may affect the assessment of any Notes and whose inclusion in or removal from this Prospectus is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor, the rights attaching to the Notes and the reasons for the issuance of the Notes and its impact on the Issuer, the Issuer shall prepare a supplement to this Prospectus or publish a replacement Prospectus for use in connection with any subsequent offering of the Notes and shall supply to each Dealer such number of copies of such supplement hereto as such Dealer may reasonably request.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents:

(i) the unaudited consolidated interim condensed financial information of Enagás as at and for the three months ended 31 March 2020, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Relaci%C3%B3n%20con%20inversores/Documentos/JGA/Nota%20CNMV%20Results%201Q2020%20-%20ingl%C3%A9s.pdf

(ii) the audited consolidated financial statements of Enagás as at and for the years ended 31 December 2019 and 31 December 2018, respectively, together in each case with the auditor's report thereon, which have been previously published or are published simultaneously with this Prospectus and which have been filed with the CSSF, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Relaci%C3%B3n%20con%20inversores/Documentos/JGA/JGA%202020/Cuentas%20Anuales%20Consolidadas%20Enagas%202019%20ingles%20WEB.pdf

https://www.enagas.es/stfls/ENAGAS/Relación%20con%20inversores/Documentos/JGA/JGA%202019/Consolidated%20Financial%20statements,%20Management%20report%20and%20Audit%20report%20of%20Enagas_2018.pdf

(iii) the audited stand-alone financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2018, together, in each case, with the auditor's report thereon, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Financial%20Statements%202019%20Enagas%20Financiaciones%20S.A.U.pdf

https://www.enagas.es/stfls/ENAGAS/Documentos/Financial%20Statements%202018%20Enagas%20Financiaciones%20S.A.U.pdf

(iv) the terms and conditions of the base prospectus dated 11 May 2016, prepared by the Issuer in connection with the Programme, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Base%20prospectus%20dated%2011%20May%202016.pdf

(v) the terms and conditions of the base prospectus dated 18 May 2015, prepared by the Issuer in connection with the Programme, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Base%20prospectus%20dated%2018%20May%202015.pdf

(vi) the terms and conditions of the base prospectus dated 13 May 2014, prepared by the Issuer in connection with the Programme, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Base%20prospectus%20dated%2013%20May%202014.pdf

(vii) the terms and conditions of the base prospectus dated 26 April 2013, prepared by the Issuer in connection with the Programme, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Base%20prospectus%20dated%2026%20April%202013.pdf

(viii) the terms and conditions of the base prospectus dated 8 May 2012, prepared by the Issuer in connection with the Programme, available for viewing on:

https://www.enagas.es/stfls/ENAGAS/Documentos/Base%20prospectus%20dated%208%20May%202012.pdf

Such documents shall be incorporated by reference in and form part of this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Pursuant to Article 19(1) of the Prospectus Regulation, those parts of the documents incorporated by reference in this Prospectus which are not specifically incorporated by reference in this Prospectus are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Prospectus.

Copies of documents incorporated by reference in this Prospectus may be obtained without charge from the website of the Luxembourg Stock Exchange (www. bourse.lu).

The table below sets out the relevant page references for (a) the unaudited consolidated interim condensed financial information of Enagás as at and for the three months ended 31 March 2020, (b) the audited consolidated financial statements of Enagás as at and for the years ended 31 December 2019 and 31 December 2018, respectively, as set out in Enagás' Annual Report, (c) the audited stand-alone financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2018, as set out in the Issuer's Annual Report, (d) the terms and conditions of the base prospectus dated 11 May 2016, (e) the terms and conditions of the base prospectus dated 18 May 2015, (f) the terms and conditions of the base prospectus dated 13 May 2014, (g) the terms and conditions of the base prospectus dated 26 April 2013 and (h) the terms and conditions of the base prospectus dated 8 May 2012.

Unaudited consolidated interim condensed financial information of Enagás as at and for the three months ended 31 March 2020

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Audited consolidated financial statements of Enagás as at and for the year ended 31 December 2019

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Consolidated Balance Sheet	Page 1
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Audited consolidated financial statements of Enagás as at and for the year ended 31 December 2018

Audited stand-alone financial statements of the Issuer as at and for the year ended 31 December 2019

Audited stand-alone financial statements of the Issuer as at and for the year ended 31 December 2018

Terms and conditions of the base Prospectus dated 11 May 2016

Terms and conditions of the base Prospectus dated 18 May 2015

Terms and conditions of the base Prospectus dated 13 May 2014

Terms and conditions of the base Prospectus dated 26 April 2013

Terms and conditions of the base Prospectus dated 8 May 2012

TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions that, subject to completion in accordance with the provisions of the relevant Final Terms, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of Part A of the Final Terms or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Final Terms. Those definitions will be endorsed on the definitive Notes. References in the Conditions to "**Notes**" are to the Notes of one Series only, not to all Notes that may be issued under the Programme.*

The Notes are issued pursuant to an Agency Agreement (as amended or supplemented as at the Issue Date, the "**Agency Agreement**") dated 11 May 2020 between the Issuer, the Guarantor, The Bank of New York Mellon, London Branch as fiscal agent and the other agents named in it and with the benefit of a Deed of Covenant (as amended or supplemented as at the Issue Date, the "**Deed of Covenant**") dated 18 May 2015 executed by the Issuer in relation to the Notes. The Guarantor has executed a deed of guarantee dated 11 May 2016 (as amended or supplemented as at the Issue Date, the "**Deed of Guarantee**"). The fiscal agent, the paying agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the "**Fiscal Agent**", the "**Paying Agents**" (which expression shall include the Fiscal Agent) and the "**Calculation Agent(s)**". The Noteholders (as defined below), the holders of the interest coupons (the "**Coupons**") relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") (the "**Couponholders**") are deemed to have notice of all of the provisions of the Agency Agreement applicable to them. The Issuer will execute a public deed (*escritura pública*) (the "**Public Deed**") before a Spanish Notary Public in relation to the Notes, if so required by Spanish law. The Public Deed contains, among other information, the terms and conditions of the Notes.

As used in these terms and conditions (the "**Conditions**"), "**Tranche**" means Notes which are identical in all respects.

Copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee are available for inspection at the specified offices of each of the Paying Agents.

1 Form, Denomination and Title

The Notes are issued in bearer form in each case in the Specified Denomination(s) shown hereon, provided that in the case of any Notes which are to be admitted to trading on a regulated market within the European Economic Area or in the United Kingdom or offered to the public in a Member State of the European Economic Area or in the United Kingdom in circumstances which require the publication of a prospectus under the Prospectus Regulation, the minimum Specified Denomination shall be euro 100,000 (or its equivalent in any other currency as at the date of issue of those Notes).

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest and Redemption/Payment Basis shown hereon.

Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable. Title to the Notes, Coupons and Talons shall pass by delivery. Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon shall be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, any writing on it or its theft or loss and no person shall be liable for so treating the holder.

In these Conditions, "**Noteholder**" means the bearer of any Note, "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Note, Coupon or Talon and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 No Exchange of Notes

Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

3 Guarantee and Status

(a) **Guarantee:** Subject to the remaining provisions of this Condition 3, the payment of all sums expressed to be payable by the Issuer under the Notes and the Coupons has been and will be unconditionally and irrevocably guaranteed by Enagás, S.A. ("**Enagás**"), as specified hereon (the guarantor specified as such hereon in respect of the Notes the "**Guarantor**"). The obligations of the Guarantor in that respect (the "**Guarantee**") are contained in the Deed of Guarantee.

(b) **Status of Notes and Guarantee:** The Notes constitute (subject to Condition 4) unsecured and unsubordinated obligations of the Issuer. In the event of insolvency (*concurso*) of the Issuer, the payment obligations of the Issuer under the Notes shall (unless they qualify as subordinated debts (*créditos subordinados*) under Article 92 of Law 22/2003 (*Ley Concursal*) dated 9 July 2003 (the "**Law 22/2003**" or the "**Insolvency Law**") or equivalent legal provision which replaces it in the future, and subject to any legal and statutory exceptions and to Condition 4) rank pari passu and without any preference among themselves and with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer, present and future. In the event of insolvency (*concurso*) of the Guarantor, the payment obligations of the Guarantor under the Guarantee shall (unless they qualify as subordinated debts (*créditos subordinados*) under Article 92 of the Insolvency Law or equivalent legal provision which replaces it in the future, and subject to any legal and statutory exceptions and to Condition 4) rank pari passu with all other unsecured and unsubordinated indebtedness and monetary obligations of the Guarantor, present and future.

In the event of insolvency (concurso) of the Issuer, under the Insolvency Law, claims relating to the Notes (which are not subordinated pursuant to article 92 of the Insolvency Law) will be ordinary credits (créditos ordinarios) as defined in the Insolvency Law. Ordinary credits rank below credits against the insolvency estate (créditos contra la masa) and credits with a privilege (créditos privilegiados). Ordinary credits rank above subordinated credits and the rights of shareholders. Interest on the Notes accrued but unpaid as at the commencement of any insolvency proceeding (concurso) relating to the Issuer under Spanish law shall thereupon constitute subordinated obligations of the Issuer ranking below its unsecured and unsubordinated obligations. Under Spanish law, accrual of interest on the Notes shall be suspended as from the date of any declaration of insolvency (concurso).

4 Negative Pledge

So long as any Note or Coupon remains outstanding (as defined in the Agency Agreement) neither the Issuer nor the Guarantor will, and will ensure that none of its Material Subsidiaries will create, or have outstanding any Security upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, except in each case for a Permitted Encumbrance, without at the same time or prior thereto according to the Notes, the Coupons or the Guarantor's obligations under its Deed of Guarantee the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by a resolution of the Noteholders.

In these Conditions:

(a) "**EBITDA**" means, in respect of any Relevant Period, the consolidated operating profit (*Resultado de Explotación*) of the Group reflected in the consolidated financial statements of the Group (prepared in accordance with IFRS-EU) before taxation after adding back any amount attributable to the amortisation or depreciation of assets of members of the Group reflected in the consolidated financial statements of the Group;

(b) "**Financial Year**" means the annual accounting period of the Group ending on 31 December (or on any other date duly notified by the Guarantor to the Fiscal Agent and the Noteholders) in each year;

(c) "**Group**" means the Guarantor and its Subsidiaries;

(d) "**IFRS-EU**" means International Financial Reporting Standards as adopted by the European Union;

(e) "**Material Subsidiaries**" means:

(i) Enagás Transporte, S.A.U.; and

(ii) any other Subsidiary whose EBITDA, gross income or assets individually represents 20 per cent. or more of the EBITDA, the gross income or the assets, as applicable, of the Group as determined by reference to the most recent consolidated financial statements of the Guarantor;

(f) "**Permitted Encumbrance**" means:

(i) any Security arising pursuant to any mandatory provision of law other than as a result of any action taken by the Issuer, the Guarantor or a Material Subsidiary and in the ordinary course of business of the Issuer, the Guarantor or a Material Subsidiary; or

(ii) any Security in existence as at the date of issuance of the Notes, including any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Security referred to in this paragraph, or of any Relevant Indebtedness secured thereby; provided that the principal amount of Relevant Indebtedness secured thereby shall not exceed the principal amount of Relevant Indebtedness so secured at the time of such extension, renewal or replacement, and that such extension, renewal or replacement Security shall be limited to all or any part of the same property or shares of stock that secured the Relevant Indebtedness extended, renewed or replaced (plus improvements on such property), or property received or shares of stock issued in substitution or exchange therefor; or

(iii) in the case of any entity which becomes a Material Subsidiary or is merged, consolidated or amalgamated into a Material Subsidiary, the Issuer or the Guarantor after the date of issuance of the Notes, any Security existing over such entity's assets at the time it becomes (or is merged, consolidated or amalgamated into) such member of the Group, *provided that* the Security was not created in contemplation of, or in connection with, its becoming (or being merged, consolidated or amalgamated into) such member of the Group and provided further that the amounts secured have not been increased in contemplation of, or in connection with, its becoming (or is merged, consolidated or amalgamated into) such member of the Group; or

(iv) any Security securing Project Finance Indebtedness; or

(v) any Security which is created in connection with, or pursuant to, a limited-recourse financing, factoring, securitisation, asset-backed commercial paper programme or other like arrangement where the payment obligations in respect of the Relevant Indebtedness secured by the relevant Security are to be discharged solely from the revenues generated by the assets over which such Security is created (including, without limitation, receivables); or

(vi) any Security created after the date of issuance of the Notes on any asset acquired by the person creating the Security and securing only Relevant Indebtedness incurred for the sole purpose of financing or re-financing that acquisition, *provided that* the principal amount of such Relevant Indebtedness so secured does not exceed the overall cost of that acquisition; or

(vii) any Security created after the date of issuance of the Notes on any asset improved, constructed, altered or repaired and securing only Relevant Indebtedness incurred for the sole purpose of financing or re-financing such improvement, construction, alteration or repair, *provided that* the principal amount of such Relevant Indebtedness so secured does not exceed the overall cost of that improvement, construction, alteration or repair; or

(viii) any Security that does not fall within subparagraphs (i) to (vii) above and that secures Relevant Indebtedness which, when aggregated with Relevant Indebtedness secured by all other Security permitted under this subparagraph, does not exceed 10% of the Total Consolidated Assets of the Group as at the date of the creation of the Security;

(g) "**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, slate or agency of a state or other entity, whether or not having separate legal personality;

(h) "**Project Finance Indebtedness**" means any present or future Relevant Indebtedness incurred in financing or refinancing the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets, whether or not an asset of a member of the Group:

(i) which is incurred by a Project Finance Subsidiary; or

(ii) in respect of which the Person or Persons to whom any such Relevant Indebtedness is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than a Project Finance Subsidiary) for the repayment thereof other than:

(A) recourse for amounts limited to the cash flow or the net cash flow (other than historic cash flow or historic net cash flow) from such asset or assets or the income or other proceeds deriving therefrom; and/or

(B) recourse for the purpose only of enabling amounts to be claimed in respect of such Relevant Indebtedness in an enforcement of any Security given by such borrower over such asset or assets or the income, cash flow or other proceeds, deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such Relevant Indebtedness, *provided that* (1) the extent of such recourse is limited solely to the amount of any recoveries made on any such enforcement, and (2) such Person or Persons is or are not entitled, by virtue of any right or claim arising out of or in connection with such Relevant Indebtedness, to commence any proceedings of whatever nature against any member of the Group (other than a Project Finance Subsidiary) and (3) an equity contribution in the borrower by the Issuer, the Guarantor or Material Subsidiary, according to the then project finance market standard, shall not be deemed as a "recourse" to the relevant member of the Group;

(i) "**Project Finance Subsidiary**" means any entity in which the Issuer, the Guarantor or any of its Subsidiaries holds an interest and which either:

(i)

(A) which is a single-purpose company whose principal assets and business are constituted by the ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets; and

(B) none of whose Relevant Indebtedness in respect of the financing of such ownership, acquisition, construction, development, leasing, maintenance and/or operation of an asset or assets is subject to any recourse whatsoever to any member of the Group (other than such Subsidiary or another Project Finance Subsidiary) in respect of the repayment thereof, except as expressly referred to in subparagraph (ii)(B) of the definition of Project Finance Indebtedness; or

(ii) at least 70% in principal amount of whose Relevant Indebtedness is Project Finance Indebtedness;

(j) "**Relevant Indebtedness**" means any indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market;

(k) "**Relevant Period**" means each period of twelve months ending on the last day of the Financial Year;

(l) "**Security**" means any mortgage, charge, lien, pledge or other security interest;

(m) "**Subsidiary**" means in relation to any company, a company which is controlled directly or indirectly by the first mentioned company in the terms of Article 42 of the Spanish Commercial Code (as such article can be amended and/or replaced in the from time to time); and

(n) "**Total Consolidated Assets**" means the total consolidated assets of the group calculated in accordance with IFRS-EU by reference to the most recent publicly available audited consolidated financial statements of the Guarantor.

5 Interest and other Calculations

(a) **Interest on Fixed Rate Notes:** Each Fixed Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) **Interest on Floating Rate Notes:**

(i) *Interest Payment Dates:* Each Floating Rate Note bears interest on its outstanding nominal amount from and including the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) *Business Day Convention:* If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be

brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest for Floating Rate Notes:* The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination for Floating Rate Notes

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), "**ISDA Rate**" for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

(x) the Floating Rate Option is as specified hereon;

(y) the Designated Maturity is a period specified hereon; and

(z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), "**Floating Rate**", "**Calculation Agent**", "**Floating Rate Option**", "**Designated Maturity**", "**Reset Date**" and "**Swap Transaction**" have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination for Floating Rate Notes – Floating Rate Notes not referencing Compounded Daily SONIA

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

(1) the offered quotation; or

(2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

(y) if the Relevant Screen Page is not available or, if sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page, or, if sub-paragraph (x)(2) applies and fewer than three such offered quotations appear on the Relevant Screen Page, in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and

(z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(C) Screen Rate Determination – Floating Rate Notes referencing Compounded Daily SONIA

(x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, and it is specified hereon that the Reference Rate is SONIA, the Rate of Interest for each Interest Period will be Compounded Daily SONIA plus or minus (as indicated in the relevant Final Terms) the Margin, where:

"**Compounded Daily SONIA**" means with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest

Period (with the daily Sterling Overnight Index Average ("**SONIA**") as reference rate for the calculation of interest) and will be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) as at the relevant Interest Determination Date, as follows, and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 being rounded up:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Observation Period;

"**d_o**" is the number of London Banking Days in the relevant Observation Period;

"**i**" is a series of whole numbers from one to d_o, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in the relevant Observation Period;

"**London Banking Day**" or "**LBD**" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"**n_i**", for any London Banking Day "**i**", means the number of calendar days from and including such London Banking Day "**i**" up to but excluding the following London Banking Day;

"**Observation Period**" means the period from and including the date falling "p" London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and ending on, but excluding, the date falling "p" London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling "p" London Banking Days prior to such earlier date, in any, on which the Notes become due and payable);

"**p**" means the number of London Banking Days by which an Observation Period precedes an Interest Period, as specified in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the "**SONIA reference rate**", means, in respect of any London Banking Day, a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors (in each case on the London Banking Day immediately following such London Banking Day); and

"**SONIAi-**" means, in respect of any London Banking Day "i", the SONIA reference rate for that day.

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA Reference Rate in respect of any London Banking Day. The SONIA Reference Rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA Reference Rate for the previous London Banking Day but without compounding.

(y) Subject to Condition 5(c), if, in respect of any London Business Day in the relevant Observation Period, the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the relevant Final Terms) determines that the SONIA reference rate is not available on the Relevant Screen Page or has not otherwise been published by the relevant authorised distributors, such SONIA reference rate shall be:

(1) (i) the Bank of England's Bank Rate (the "**Bank Rate**") prevailing at close of business on the relevant London Banking Day; plus (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days on which the SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads) to the Bank Rate; or

(2) if such Bank Rate is not available, the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Business Day on which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors).

If the relevant Series of Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the relevant Final Terms, be deemed to be the date on which such Notes became due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(D) Linear Interpolation

Where Linear Interpolation is specified hereon as applicable in respect of an Interest Accrual Period, the Rate of Interest for such Interest Accrual Period shall be calculated by the Calculation Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate (where Screen Rate Determination is specified hereon as applicable) or the relevant Floating Rate Option (where ISDA Determination is specified hereon as applicable), one of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Accrual Period and the other of which shall be determined as if the Applicable Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Accrual Period provided however that if there is no rate available for the period of time next shorter or, as the case may be, next longer, then the Calculation Agent shall determine such rate(s) in accordance with the process specified in sub-paragraph (B) above as if such rate(s) were the Reference Rate.

"**Applicable Maturity**" means: (a) in relation to Screen Rate Determination, the period of time designated in the Reference Rate, and (b) in relation to ISDA Determination, the Designated Maturity.

(c) **Benchmark Discontinuation**

(i) *Independent Adviser:* If a Benchmark Event occurs in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(c)(ii)) and, in either case, an

Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(c)(iv)). In making such determination, The Independent Adviser appointed pursuant to this Condition 5(c) shall act in good faith and in a commercially reasonable manner as an expert. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Paying Agents, or the Noteholders for any determination made by it, pursuant to this Condition 5(c).

If (A) the Issuer is unable to appoint an Independent Adviser; or (B) the Independent Adviser appointed by it fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(c)(i), prior to the relevant Interest Determination Date, the Rate of Interest applicable to the next succeeding Interest Accrual Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Accrual Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest. Where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or Minimum Rate of Interest relating to the relevant Interest Accrual Period shall be substituted in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Accrual Period only and any subsequent Interest Accrual Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(c)(i).

(ii) *Successor Rate or Alternative Rate:* If the Independent Adviser determines that:

(A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(c)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5(c)).

(iii) *Adjustment Spread:* The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be). If the Independent Adviser is unable to determine the quantum of, or a formula or methodology for determining, such Adjustment Spread, then the Successor Rate or Alternative Rate (as applicable) will apply without an Adjustment Spread.

(iv) *Benchmark Amendments:* If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(c) and the Independent Adviser determines (i) that amendments to these Conditions are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "**Benchmark Amendments**") and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(c)(v), without any requirement for the consent or approval of Noteholders, vary these Conditions to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Notwithstanding any other provision of this Condition 5(c), the Calculation Agent or any Paying Agent is not obliged to concur with the Issuer or the Independent Adviser in respect of any

changes or amendments as contemplated under this Condition 5(c) to which, in the sole opinion of the Calculation Agent or the relevant Paying Agent, as the case may be, would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Calculation Agent or the relevant Paying Agent (as applicable) in the Agency Agreement and/or these Conditions.

In connection with any such variation in accordance with this Condition 5(c)(iv), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Notices, etc.:* Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(c) will be notified promptly by the Issuer to the Calculation Agent, the Paying Agents and, in accordance with Condition 14 (*Notices*), the Noteholders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Noteholders of the same, the Issuer shall deliver to the Fiscal Agent, the Calculation Agent and the Paying Agents a certificate signed by two directors of the Issuer:

(a) confirming (1) that a Benchmark Event has occurred, (2) the Successor Rate or, as the case may be, the Alternative Rate, (3) the applicable Adjustment Spread and (4) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(c); and

(b) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Fiscal Agent shall display such certificate at its offices, for inspection by the Noteholders at all reasonable times during normal business hours.

Each of the Fiscal Agent, the Calculation Agent and the Paying Agents shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Fiscal Agent's or the Calculation Agent's or the Paying Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Fiscal Agent, the Calculation Agent, the Paying Agents and the Noteholders.

Notwithstanding any other provision of this Condition 5(c), if following the determination of any Successor Rate, Alternative Rate, Adjustment Spread or Benchmark Amendments (if any), in the Calculation Agent's opinion there is any uncertainty between two or more alternative courses of action in making any determination or calculation under this Condition 5(c), the Calculation Agent shall promptly notify the Issuer thereof and the Issuer shall direct the Calculation Agent in writing as to which alternative course of action to adopt. If the Calculation Agent is not promptly provided with such direction, or is otherwise unable (other than due to its own gross negligence, willful default or fraud) to make such calculation or determination for any reason, it shall notify the Issuer thereof and the Calculation Agent shall be under no obligation to make such calculation or determination and (in the absence of such gross negligence, willful default or fraud) shall not incur any liability for not doing so.

(vi) *Survival of Original Reference Rate:* Without prejudice to the obligations of the Issuer under Condition 5(c)(i), (ii), (iii) and (iv), the Original Reference Rate provided for in Condition 5(b) will continue to apply unless and until a Benchmark Event has occurred.

(vii) *Definitions***:** As used in this Condition 5(c):

"**Adjustment Spread**" means either (x) a spread (which may be positive, negative or zero) or (y) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(i) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or

(ii) if no such recommendation has been made, or in the case of an Alternative Rate, the Independent Adviser determines, is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or

(iii) if Independent Adviser determines that no such spread is customarily applied, the Independent Adviser determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be);

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser determines in accordance with Condition 5(c)(ii) is customarily applied in international debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) in the same Specified Currency as the Notes;

"**Benchmark Amendments**" has the meaning given to it in Condition 5(c)(iv);

"**Benchmark Event**" means:

(i) the Original Reference Rate ceasing to be published for a period of at least 5 Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally, or in respect of the Notes; or

(v) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that, the Original Reference Rate is (or will be deemed by such supervisor to be) no longer representative of its relevant underlying market; or

(vi) it has become unlawful for any Paying Agent, the Calculation Agent, the Issuer or other party to calculate any payments due to be made to any Noteholder using the Original Reference Rate,

provided that the Benchmark Event shall be deemed to occur (a) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be, (b) in the case of sub-paragraph (iv) above, on the date of the prohibition of use of the Original Reference Rate and (c) in the case of sub-paragraph (v) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed by the relevant supervisor to no longer be) representative of its relevant underlying market and which is specified in the relevant public statement, and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be determined by the Issuer and promptly notified to the Fiscal Agent, the Calculation Agent and the Paying Agents. For the avoidance of doubt, neither the Fiscal Agent, the Calculation Agent nor the Paying Agents shall have any responsibility for making such determination;

"**Independent Adviser**" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer under Condition 5(c)(i);

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (C) a group of the aforementioned central banks or other supervisory authorities or (D) the Financial Stability Board or any part thereof; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(d) **Zero Coupon Notes:** Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(e) **Accrual of Interest:** Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(f) **Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding:**

(i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin subject always to the next paragraph;

(ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be; or

(iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with 0.000005 of a percentage point being rounded up), (y) all figures shall be rounded to seven significant figures (with 0.000005 of a percentage point being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with half a unit being rounded up), save in the case of yen, which shall be rounded down to the nearest yen, and in the case of Renminbi, which shall be rounded to the nearest CNY0.01, CNY0.005 being rounded upwards. For these purposes "**unit**" means the lowest amount of such currency that is available as legal tender in the countries of such currency.

(g) **Calculations:** The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(h) **Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts:** The Calculation Agent shall, as soon as practicable on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount to be notified to the Fiscal Agent, the Issuer, the Guarantor, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the

Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(i) **Definitions:** In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

"**Business Day**" means:

(i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency; and/or

(ii) in the case of euro, a day on which the TARGET System is operating (a "TARGET Business Day"); and/or

(iii) in the case of Renminbi, a day (other than a Saturday, Sunday or public holiday) on which commercial banks and foreign exchange markets are generally open for business and settlement of Renminbi payments in Hong Kong; and/or

(iv) in the case of a currency and/or one or more Business Centres, a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres;

"**Day Count Fraction**" means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or an Interest Accrual Period, the "**Calculation Period**"):

(i) if "**Actual/Actual**" or "**Actual/Actual - ISDA**" is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365);

(ii) if "Actual/**365 (Fixed)**" is specified hereon, the actual number of days in the Calculation Period divided by 365;

(iii) if "Actual/**365 (Sterling)**" is specified hereon, the actual number of days in the Calculation Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(iv) if "**Actual/360**" is specified hereon, the actual number of days in the Calculation Period divided by 360;

(v) if "**30/360**", "**360/360**" or "**Bond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(vi) if "**30E/360**" or "**Eurobond Basis**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case D_2 will be 30;

(vii) if "**30E**/360 **(ISDA)**" is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"**Y_1**" is the year, expressed as a number, in which the first day of the Calculation Period falls;

"**Y_2**" is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**M_1**" is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

"**M_2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

"**D_1**" is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"**D_2**" is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D_2 will be 30;

(viii) if "**Actual/Actual-ICMA**" is specified hereon,

if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and

if the Calculation Period is longer than one Determination Period, the sum of:

(x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and

(y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year;

where:

"**Determination Period**" means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

"**Determination Date**" means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s);

"**Euro-zone**" means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended;

"**Interest Accrual Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Period Date and each successive period beginning on and including an Interest Period Date and ending on but excluding the next succeeding Interest Period Date;

"**Interest Amount**" means:

(i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and

(ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified hereon;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro;

"**Interest Period**" means the period beginning on and including the Interest Commencement Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date unless otherwise specified hereon;

"**Interest Period Date**" means each Interest Payment Date unless otherwise specified hereon;

"**ISDA Benchmarks Supplement**" means the Benchmarks Supplement (as amended and updated as at the date of issue of the first Tranche of the Notes of the relevant Series (as specified in the relevant Final Terms)) published by the International Swaps and Derivatives Association, Inc;

"**ISDA Definitions**" means the 2006 ISDA Definitions as published by the International Swaps and Derivatives Association, Inc. (as supplemented, amended and updated as at the Issue Date of the first Tranche of the Notes of the relevant Series, including by the ISDA Benchmarks Supplement, as specified in the relevant Final Terms);

"**Rate of Interest**" means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon;

"**Reference Banks**" means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent;

"**Reference Rate**" means the rate specified as such hereon;

"**Relevant Screen Page**" means such page, section, caption, column or other part of a particular information service as may be specified hereon (or any successor or replacement page, section, caption, column or other part of a particular information service);

"**Specified Currency**" means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(j) **Change of Interest Basis:** If Change of Interest Basis is specified in the relevant Final Terms as being applicable, the Final Terms will indicate the relevant Interest Periods to which the Fixed Rate Note provisions, Floating Rate Note Provisions and/or Zero Coupon Note Provisions shall apply.

(k) **Calculation Agent:** The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Agency Agreement). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market (or, if appropriate, money, swap or over-the-counter index options market) that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

6 Redemption, Purchase and Options

(a) **Final Redemption:**

Unless previously redeemed, purchased and cancelled as provided below, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which is its principal amount).

(b) **Early Redemption:**

(i) *Zero Coupon Notes:*

(A) The Early Redemption Amount payable in respect of any Zero Coupon Note upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c), Condition 6(d) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) *Other Notes:* The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c), Condition 6(d) or Condition 6(g) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) **Redemption for Taxation Reasons:** The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or, at any time, (if this Note is not a Floating Rate Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if demand was made under the Guarantee, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 as a result of any change in, or amendment to, the laws or regulations of Spain or, in each case, any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes, and (ii) such obligation cannot be avoided by the Issuer (or the Guarantor, as the case may be) taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer (or the Guarantor, as the case may be) would be obliged to pay such additional amounts were a payment in respect of the Notes (or the Guarantee, as the case may be) then due. Prior to the publication of any notice of redemption pursuant to this Condition 6(c), the Issuer shall deliver to the Fiscal Agent a certificate signed by the joint directors of the Issuer (or the Guarantor, as the case may be) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer (or the Guarantor, as the case may be) has or will become obliged to pay such additional amounts as a result of such change or amendment.

(d) **Redemption at the Option of the Issuer:** If Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem, all or, if so provided, some, of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

The Optional Redemption Amount will either be the Early Redemption Amount (as defined in Condition 6(b) above) or, if Make-whole Amount is specified in the applicable Final Terms, will be the higher of (a) 100 per cent. of the principal amount outstanding of the Notes to be redeemed; and (b) the sum of the present values of the principal amount outstanding of the Notes to be redeemed and the Remaining Term Interest on such Notes (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis at (i) the Reference Note Rate plus the Redemption Margin; or (ii) the Discount Rate, in each case as may be specified in the applicable Final Terms. If the Make-whole Exemption Period is specified as applicable and the Issuer gives notice to redeem the Notes during the Make-whole Exemption Period, the Optional Redemption Amount will be 100 per cent. of the principal amount outstanding of the Notes to be redeemed.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances, taking account of prevailing market practices, subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

In these Conditions:

"**Discount Rate**" will be as set out in the applicable Final Terms.

"**FA Selected Note**" means a government security or securities selected by the Financial Adviser as having an actual or interpolated maturity comparable with the remaining term of the Notes that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes.

"**Financial Adviser**" means the entity so specified in the applicable Final Terms or, if not so specified or such entity is unable or unwilling to act, any financial adviser selected by the Issuer and/or the Guarantor.

"**Make-whole Exemption Period**" will be as set out in the applicable Final Terms.

"**Redemption Margin**" will be as set out in the applicable Final Terms.

"**Reference Note**" shall be the note so specified in the applicable Final Terms or, if not so specified or if no longer available, the FA Selected Note.

"**Reference Note Price**" means, with respect to any date of redemption: (a) the arithmetic average of the Reference Government Note Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Note Dealer Quotations; or (b) if the Financial Adviser obtains fewer than four such Reference Government Note Dealer Quotations, the arithmetic average of all such quotations.

"**Reference Note Rate**" means, with respect to any date of redemption, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Note, assuming a price for the Reference Note (expressed as a percentage of its nominal amount) equal to the Reference Note Price for such date of redemption.

"**Reference Date**" will be set out in the relevant notice of redemption, such date to fall no earlier than the date falling 30 days prior to the date of such notice.

"**Reference Government Note Dealer**" means each of five banks selected by the Issuer and/or the Guarantor, or their affiliates, which are (a) primary government securities dealers, and their respective successors, or (b) market makers in pricing corporate note issues.

"**Reference Government Note Dealer Quotations**" means, with respect to each Reference Government Note Dealer and any date for redemption, the arithmetic average, as determined by the Agent, of the bid and offered prices for the Reference Note (expressed in each case as a percentage of its nominal amount) at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Calculation Agent by such Reference Government Note Dealer.

"**Remaining Term Interest**" means with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note determined on the basis of the

rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer in accordance with this Condition.

(e) **Redemption following a Substantial Purchase Event**: If a Substantial Purchase Event (as defined below) is specified in the relevant Final Terms as being applicable and a Substantial Purchase Event has occurred, then the Issuer may, subject to having given not less than 30 nor more than 60 days' notice (or such other period of notice as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 14, redeem or purchase (or procure the purchase of), at its option, the Notes comprising the relevant Series in whole, but not in part, in accordance with these Conditions at any time, in each case at their principal amount, together with any accrued and unpaid interest up to (but excluding) the date of redemption or purchase.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

A "**Substantial Purchase Event**" shall be deemed to have occurred if at least 80 per cent or such higher percentage as may be specified in the relevant Final Terms of the aggregate principal amount of the Notes of the relevant Series originally issued (which for these purposes shall include any further Notes of the same Series issued subsequently) is purchased by the Issuer, the Guarantor or any Subsidiary of the Guarantor (and in each case is cancelled in accordance with Condition 6(i));

(f) **Residual Maturity Call Option**: If a Residual Maturity Call Option is specified in the relevant Final Terms as being applicable, the Issuer may, on giving not less than 15 nor more than 30 days' notice (or such other period of notice as may be specified in the relevant Final Terms) to the Noteholders in accordance with Condition 14 (which notice shall specify the date fixed for redemption (the "**Residual Maturity Call Option Redemption Date**")), redeem the Notes comprising the relevant Series, in whole but not in part, at their principal amount together with any accrued and unpaid interest up to (but excluding) the date fixed for redemption, which shall be no earlier than (i) three months before the Maturity Date in respect of Notes having a maturity of not more than ten years or (ii) six months before the Maturity Date in respect of Notes having a maturity of more than ten years; or in either case, such shorter time period as may be specified in the Final Terms.

For the purpose of the preceding paragraph, the maturity of not more than ten years or the maturity of more than ten years (or such shorter maturity as may be specified in the Final Terms) shall be determined as from the Issue Date of the first Tranche of the relevant Series of Notes.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

(g) **Redemption at the Option of Noteholders:** If Put Option is specified in the relevant Final Terms as being applicable, the Issuer shall, at the option of the Noteholder, upon the Noteholder giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the Noteholder must deposit such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent, together with a duly completed option exercise notice ("**Exercise Notice**") in the form obtainable from any Paying Agent within the notice period. No Note so deposited and option exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(h) **Purchases:** Each of the Issuer, the Guarantor and any of their respective Subsidiaries as defined in the Agency Agreement may at any time purchase Notes (provided that all unmatured Coupons and

unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(i) **Cancellation:** All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons and all unexchanged Talons to the Fiscal Agent and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the Guarantor in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) **Method of Payment:** Payments of principal and interest in respect of Notes shall, except in the case where the Specified Currency is Renminbi and subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the Noteholder, by transfer to an account denominated in such currency with, a Bank. "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) **Payments in respect of Notes where the Specified Currency is Renminbi:** Payments of principal and interest in respect of Notes where the Specified Currency is Renminbi shall be made by transfer to a Renminbi account maintained by the payee with a bank in Hong Kong, in all cases in accordance with applicable laws, rules, regulations and guidelines issued from time to time (including all applicable laws and regulations with respect to the settlement of Renminbi in Hong Kong).

(c) **Payments in the United States:** Notwithstanding the foregoing, if any Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) **Payments Subject to Laws:** Without prejudice to the application of the provisions of Condition 9, payments will be subject in all cases to any other applicable fiscal or other laws, regulations and directives in the place of payment or other laws and regulations to which the Issuer, or its Paying or Fiscal Agents agree to be subject and the Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations, directives or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) **Appointment of Agents:** The Fiscal Agent, the Paying Agents and the Calculation Agent initially appointed and their respective specified offices are listed below. The Fiscal Agent, the Paying Agents and the Calculation Agent(s) act solely as agents of the Issuer and the Guarantor and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Fiscal Agent, any other Paying Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents, provided that the Issuer shall at all times maintain (i) a Fiscal Agent, (ii) one or more Calculation Agent(s) where the Conditions so require, (iii) Paying Agents having specified offices in at least two

major European cities and (iv) such other agents as may be required by any other stock exchange on which the Notes may be listed.

In addition, the Issuer and the Guarantor shall forthwith appoint a Paying Agent in New York City in respect of any Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) **Payment of U.S. Dollar Equivalent:** This Condition 7(f) is applicable in relation to Notes where the Specified Currency is Renminbi.

(i) Notwithstanding the foregoing, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest (in whole or in part) in respect of the Notes when due in Renminbi, the Issuer shall, by sending an irrevocable notice not less than five or more than 30 calendar days prior to the due date for payment to the Noteholders and the Paying Agent, settle any such payment (in whole or in part) in U.S. Dollars on the due date at the U.S. Dollar Equivalent of any such Renminbi denominated amount.

(ii) For the purposes of these Conditions, "U.S. Dollar Equivalent" means the Renminbi amount converted into U.S. Dollars using the Spot Rate for the relevant Determination Date.

In this Condition:

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in Hong Kong;

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange) in Hong Kong, Beijing, London, TARGET and in New York City;

"**Determination Date**" means the day which is two Determination Business Days before the due date for any payment of the relevant amount under these Conditions;

"**Governmental Authority**" means any de facto or de jure government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the PRC and Hong Kong;

"**Hong Kong**" means the Hong Kong Special Administrative Region of the PRC;

"**Illiquidity**" means where the general Renminbi exchange market in Hong Kong becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal (in whole or in part) in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers;

"**Inconvertibility**" means the occurrence of any event that makes it impossible for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside Hong Kong or from an account inside Hong Kong to an

account outside Hong Kong or from an account outside Hong Kong to an account inside Hong Kong, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China which, for the purpose of these Conditions, shall exclude Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan; and

"**Spot Rate**" means the spot CNY/U.S. Dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in two Determination Business Days, as determined by the Calculation Agent at or around 11 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF. If neither rate is available, the Calculation Agent will determine the Spot Rate at or around 11 a.m. (Hong Kong time) on the Determination Date as the most recently available CNY/U.S. Dollar official fixing rate for settlement in two Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. For the avoidance of doubt, no liability to the Issuer, the Guarantor, the Noteholders, the Couponholders or any other party shall attach to the Calculation Agent in relation to such determination. Reference to a page on the Reuters Screen means the display page so designated on the Reuters Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate.

(g) **Unmatured Coupons and unexchanged Talons:**

(i) Upon the due date for redemption of Notes which comprise Fixed Rate Notes, those Notes should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

(ii) Upon the due date for redemption of any Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note representing it, as the case may be.

(h) **Talons:** On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Fiscal Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(i) **Non-Business Days:** If any date for payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this paragraph, "**business day**" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in the relevant place of presentation, in such jurisdictions as shall be specified as "**Financial Centres**" hereon and:

(i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

(ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the Guarantor in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as shall result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) **Other connection:** to, or to a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Spain other than the mere holding of the Note or Coupon; or

(b) **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

(c) **Information requested by Spanish Tax Authorities:** (in respect of any payment by the Issuer) to, or to a third party on behalf of, a Noteholder who does not provide to the Issuer (or the Guarantor) or an agent acting on behalf of the Issuer (or the Guarantor) the information concerning such Noteholder as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1065/2007 as eventually made by the Spanish Tax Authorities.

Notwithstanding any other provision of these Conditions, any amounts to be paid in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**"), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a "**FATCA Withholding**"). None of the Issuer, the Guarantor, or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) "**principal**" shall be deemed to include any premium payable in respect of the Notes, Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) "**principal**" and/or "**interest**" shall be deemed to include any additional amounts that may be payable under this Condition.

9 Prescription

Claims against the Issuer and/or the Guarantor for payment in respect of the Notes and Coupons (which for this purpose shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events ("**Events of Default**") occurs and is continuing, the holder of any Note of the relevant Series, in respect of such Note, may give written notice to the Fiscal Agent at its specified office that such Note is immediately repayable, whereupon the Early Redemption Amount of such Note together (if applicable) with accrued interest to the date of payment shall become immediately due and payable:

(a) **Non-Payment:** default is made for more than 14 days (in the case of interest) or seven days (in the case of principal) in the payment on the due date of interest or principal in respect of any of the Notes; or

(b) **Breach of Other Obligations:** the Issuer or the Guarantor does not perform or comply with any one or more of its other obligations in the Notes which default is incapable of remedy or is not remedied within 30 days after notice of such default shall have been given to the Fiscal Agent at its specified office by any Noteholder; or

(c) **Cross-Default:** (A) any other present or future Relevant Indebtedness of the Issuer or the Guarantor or any of their respective Material Subsidiaries for or in respect of moneys borrowed or raised becomes (or becomes capable of being declared) due and payable prior to its stated maturity by reason of any actual or potential default, event of default or the like (howsoever described), or (B) any such Relevant Indebtedness is not paid when due or, as the case may be, within any originally applicable grace period, or (C) the Issuer or the Guarantor or any of their respective Material Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised provided that the aggregate amount of the Relevant Indebtedness, guarantees

and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) have occurred equals or exceeds €75,000,000 (or its equivalent in any other currency); or

(d) **Enforcement Proceedings:** a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any part of the property, assets or revenues of the Issuer or the Guarantor or any of their respective Material Subsidiaries and is not discharged or stayed within 90 days; or

(e) **Unsatisfied judgement:** one or more judgement(s) or order(s) for the payment of any amount is rendered against the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment; or

(f) **Security Enforced:** a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries (other than in respect of Security securing Project Finance Indebtedness); or

(g) **Insolvency etc.:** (i) the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) becomes insolvent, is adjudicated bankrupt (or applies for an order of bankruptcy) or is unable to pay its debts as they fall due, (ii) an administrator or liquidator of the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) or of the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) is appointed (or application for any such appointment is made), (iii) the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its indebtedness or any guarantee of any indebtedness given by it or (iv) the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than in the case of a Material Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(h) **Winding up etc.:** an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any of their respective Material Subsidiaries (if any) (otherwise than, in the case of a Material Subsidiary of the Guarantor, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent); or

(i) **Unlawfulness:** it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under or in respect of the Notes or, the Deed of Guarantee; or

(j) **Failure to take action etc.:** any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes and the Deed of Guarantee, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Deed of Guarantee admissible in evidence in the courts of England and the Kingdom of Spain is not taken, fulfilled or done; or

(k) **Analogous event:** any event occurs which under the laws of any relevant jurisdiction has an analogous effect to any of the events referred to in any of the forgoing paragraphs above including, but not limited to, in the case of the Guarantor, any suspension of payments or bankruptcy (*concurso de acreedores*); or

(l) **Guarantee:** the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(m) **Controlling Shareholder:** the Issuer ceases to be wholly-owned and controlled directly or indirectly by Enagás otherwise than in the circumstances contemplated by Condition 12(d) (*Substitution*).

11 Meeting of Noteholders and Modifications

(a) **Meetings of Noteholders:** The Agency Agreement contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Agency Agreement) of a modification of any of these Conditions. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, inter alia, (i) to amend the dates of maturity or redemption of the Notes, any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent. or at any adjourned meeting not less than 25 per cent. in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

The Agency Agreement provides that a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in nominal amount of the Notes outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

A modification of any of these Conditions in accordance with Condition 5(c) (*Benchmark Discontinuation*) shall not require sanction by an Extraordinary Resolution of Noteholders.

These Conditions may be amended, modified or varied in relation to any Series of Notes by the terms of the relevant Final Terms in relation to such Series.

(b) **Modification of Agency Agreement:** The Issuer and the Guarantor shall only permit any modification of, or any waiver or authorisation of any breach or proposed breach of or any failure to comply with, the Agency Agreement, if to do so could not reasonably be expected to be prejudicial to the interests of the Noteholders.

(c) **Notification to the Noteholders:** Any modification, waiver or authorisation in accordance with this Condition 11 shall be binding on the Noteholders and the Couponholders and shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14 (*Notices*).

(d) **Substitution:** The Issuer, or any previous substituted company, may at any time, without the consent of the Noteholders or the Couponholders, substitute for itself as principal debtor under the Notes, the Coupons and the Talons, any company (the "**Substitute**") that is Enagás, or a Subsidiary (as defined in the Agency Agreement) of Enagás, provided that no payment in respect of the Notes or the Coupons is at the relevant time overdue. The substitution shall be made by a deed poll (the "**Deed Poll**"), to be substantially in the form scheduled to the Agency Agreement as Schedule 9, and may take place only if (i) the Substitute shall, by means of the Deed Poll, agree to indemnify each Noteholder and Couponholder against any tax, duty, assessment or governmental charge that is imposed on it by (or by any authority in or of) the jurisdiction of the country of the Substitute's residence for tax purposes and, if different, of its incorporation with respect to any Note, Coupon, Talon or the Deed of Covenant and that would not have been so imposed had the substitution not been made, as well as against any tax, duty, assessment or governmental charge, and any cost or expense, relating to the substitution, (ii) where the Substitute is not Enagás, the obligations of the Substitute under the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant shall be unconditionally guaranteed by the Guarantor by means of the Deed Poll and the relevant Deed of Guarantee, (iii) all action, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Deed Poll, the Notes, Coupons, Talons and Deed of Covenant (together, the "**Documents**") represent valid, legally binding and enforceable obligations of the Substitute, and in the case of the Deed Poll and the Deed of Guarantee of the Guarantor have been taken, fulfilled and done and are in full force and effect, (iv) the Substitute shall have become party to the Agency Agreement, with any appropriate consequential amendments, as if it had been an original party to it, (v) an opinion of independent legal advisors of recognised standing has been addressed to the Issuer and delivered by the Issuer to the Fiscal Agent to the effect that the Documents and, as the case may be, the Deed of Guarantee, represent valid, legally binding and enforceable obligations of the Substitute and, as the case may be, the Guarantor, and (vi) the Issuer shall have given at least 14 days' prior notice of such substitution to the Noteholders, stating that copies, or pending execution the agreed text, of all documents in relation to the substitution that are referred to above, or that might otherwise reasonably be regarded as material to Noteholders, shall be available for inspection at the specified office of each of the Paying Agents. References in Condition 10 to obligations under the Notes shall be deemed to include obligations under the Deed Poll, and, where the Deed Poll contains a guarantee, the events listed in Condition 10 shall be deemed to include that guarantee not being (or being claimed by the guarantor not to be) in full force and effect.

12 Replacement of Notes, Coupons and Talons

If a Note, Coupon or Talon is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Paying Agent in Luxembourg (in the case of Notes, Coupons or Talons) or such other Paying Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Coupons or further Coupons) and otherwise as the Issuer or such Paying Agent may require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

13 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes (in all respects except for the first payment of

interest thereon) and so that the same shall be consolidated and form a single series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

14 Notices

Notices to the holders of Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). So long as the Notes are listed on the Luxembourg Stock Exchange, notices to holders of the Notes shall also be published either on the website of the Luxembourg Stock Exchange (*www.bourse.lu*) or in a daily newspaper with general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*). If any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the date of the first publication as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Notes in accordance with this Condition.

15 Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Note or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or any Guarantor or otherwise) by any Noteholder or Couponholder in respect of any sum expressed to be due to it from the Issuer or the Guarantor shall only constitute a discharge to the Issuer or the Guarantor, as the case may be, to the extent of the amount in the currency of payment under the relevant Note or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Note or Coupon, the Issuer, failing whom the Guarantor, shall indemnify it against any loss sustained by it as a result. In any event, the Issuer, failing whom the Guarantor, shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Noteholder or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's and the Guarantor's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or Coupon or any other judgment or order.

16 Contracts (Rights of Third Parties) Act 1999

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 1999.

17 Governing Law and Jurisdiction

(a) **Governing Law:** Save as described below, the Agency Agreement, the Deed of Covenant, the Deed of Guarantee and the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law. Condition 3(b) shall be governed by, and shall be construed in accordance with, Spanish law.

(b) **Jurisdiction:** The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons ("**Proceedings**") may be brought in

such courts. Each of the Issuer and the Guarantor irrevocably submits to the jurisdiction of the courts of England and waives any objection to Proceedings in such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. These submissions are made for the benefit of each of the holders of the Notes, Coupons and Talons and shall not affect the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

18 Service of Process: Each of the Issuer and the Guarantor irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London, EC2V 7EX as their agent in England to receive, for it and on its behalf, service of process in any Proceedings in England. Such service shall be deemed completed on delivery to such process agent (whether or not, it is forwarded to and received by the Issuer or the Guarantor). If for any reason such process agent ceases to be able to act as such or no longer has an address in London, each of the Issuer and the Guarantor irrevocably agrees to appoint a substitute process agent and shall immediately notify Noteholders of such appointment in accordance with Condition 14. Nothing shall affect the right to serve process in any manner permitted by law.

PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes are stated in the applicable Final Terms to be issued in NGN form, the Global Notes will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper. Depositing the Global Note with the Common Safekeeper does not necessary mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria. If the Global Notes are stated in the applicable Final Terms to be issued under NGN form, the relevant clearing systems will be notified whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility and, if so, will be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper.

Global Notes which are issued in CGN form may be delivered on or prior to the original issue date of the Tranche to a Common Depositary.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Final Terms) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg or any other permitted clearing system ("**Alternative Clearing System**") as the holder of a Note represented by a Global Note must look solely to Euroclear, Clearstream, Luxembourg or any such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note and in relation to all other rights arising under the Global Notes, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Final Terms indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see "General Description

of the Programme – Selling Restrictions"), in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Final Terms, for Definitive Notes.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if principal in respect of any Notes is not paid when due, by the holder giving notice to the Fiscal Agent of its election for such exchange.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Definitive Notes if principal in respect of any Notes is not paid when due.

3.4 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Fiscal Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes or if the Global Note is a NGN, the Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. In this Prospectus, "**Definitive Notes**" means, in relation to any Global Note, the definitive Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that have not already been paid on the Global Note and a Talon). Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Agency Agreement. On exchange in full of each permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of failure to pay principal in respect of any Notes when due 30 days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Fiscal Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes and permanent Global Notes contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Prospectus. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Fiscal Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be prima facie evidence that such payment has been made in respect of the Notes. If the Global Note is a NGN, the Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "business day" set out in Condition 7(g) (Non-Business Days).

4.2 Prescription

Claims against the Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 9).

4.3 Meetings

The holder of a permanent Global Note shall (unless such permanent Global Note represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each integral currency unit of the Specified Currency of the Notes.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuer, the Guarantor or any of the Guarantor's subsidiaries if they are purchased together with the rights to receive all future payments of interest (if any) thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Fiscal Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Fiscal Agent, or to a Paying Agent acting on behalf of the Fiscal Agent, for notation. Where the Global Note is a NGN, the Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Events of Default

Each Global Note, or a portion of it, may become due and repayable in the circumstances described in Condition 10 by stating in the notice to the Fiscal Agent the nominal amount of such Global Note that is becoming due and repayable. If principal in respect of any Note is not paid when due, the holder of a Global Note may elect for direct enforcement rights against the Issuer and the Guarantor under the terms of a Deed of Covenant executed as a deed by the Issuer on 18 May 2015 to come into effect in relation to the whole or a part of such Global Note in favour of the persons entitled to such part of such Global Note as accountholders with a clearing system. Following any such acquisition of direct rights, the Global Note will become void as to the specified portion.

4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note, except that so long as the Notes are listed on the Luxembourg Stock Exchange's regulated market and the rules of that exchange so require, notices shall also be published either on the website of the Luxembourg Stock Exchange (www.bourse.lu) or in a leading newspaper having general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*).

5 Electronic Consent and Written Resolution

While any Global Note is held on behalf of a clearing system, then:

(a) approval of a resolution proposed by the Issuer given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes outstanding (an "**Electronic Consent**" as defined in the Agency Agreement) shall, for all purposes (including matters that would otherwise require an Extraordinary Resolution to be passed at a meeting for which the Special Quorum, as defined in the Agency Agreement, was satisfied), take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent; and

(b) where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution (as defined in the Agency Agreement) has been validly passed, the Issuer shall be entitled to rely on consent or instructions given in writing directly to the Issuer by (a) accountholders in the clearing system with entitlements to such Global Note and/or, where (b) the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any other relevant alternative clearing system (the "**relevant clearing system**") and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Noteholders and Couponholders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Notes is clearly identified together with the amount of such holding. The Issuer shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

USE OF PROCEEDS

The net proceeds from the issue of each Tranche of Notes will be on-lent to Enagás to be used by Enagás and its consolidated subsidiaries for general corporate purposes. If, in respect of a particular issue, there is a particular identified use of proceeds, this will be stated in the relevant Final Terms.

FORM OF ENAGÁS GUARANTEE

The following is the form of the Guarantee of the Notes executed by the Guarantor on 11 May 2016.

This Deed of Guarantee is made on 11 May 2016 by Enagás, S.A. (the "**Guarantor**") in favour of the Holders and the Relevant Account Holders.

Whereas:

(A) Enagás Financiaciones, S.A.U. (the "**Issuer**") proposes to issue euro medium term notes guaranteed by the Guarantor (the "**Notes**", which expression shall, if the context so admits, include the Global Notes (in temporary or permanent form) to be initially delivered in respect of the Notes and any related coupons and talons) pursuant to an agency agreement, as amended or supplemented from time to time dated 11 May 2016 between, among others, the Issuer, the Guarantor and The Bank of New York Mellon, London Branch as Fiscal Agent (the "**Fiscal Agent**").

(B) The Issuer has, in relation to the Notes issued by it, entered into a deed of covenant (as amended and supplemented from time to time, the "**Deed of Covenant**") dated 18 May 2015.

(C) The Guarantor has agreed to guarantee the payment of all sums expressed to be payable from time to time by the Issuer in respect of the Notes to the holders of any Notes (the "**Holders**") issued by it and under the Deed of Covenant to the Relevant Account Holders (the "**Guarantee**").

This Deed Witnesses as follows:

1 Interpretation

1.1 **Defined Terms:** In this Deed, unless otherwise defined herein, capitalised terms shall have the same meaning given to them in the Deed of Covenant and the Conditions (as defined in the Deed of Covenant).

1.2 **Headings:** Headings shall be ignored in construing this Deed.

1.3 **Contracts:** References in this Deed to this Deed or any other document are to this Deed or these documents as amended, supplemented or replaced from time to time in relation to the Programme and includes any document that amends, supplements or replaces them.

1.4 **Legislation or regulation:** Any reference in this Agreement to any legislation (whether primary legislation or regulations or other subsidiary legislation made pursuant to primary legislation) shall be construed as a reference to such legislation as the same may have been, or may from time to time be, amended or re-enacted.

2 Guarantee and Indemnity

2.1 **Guarantee:** The Guarantor unconditionally and irrevocably guarantees that if the Issuer does not pay any sum payable by it under the Deed of Covenant or the Notes by the time and on the date specified for such payment (whether on the normal due date, on acceleration or otherwise), the Guarantor shall pay that sum to each Holder and each Relevant Account Holder before close of business on that date in the city to which payment is so to be made. All payments under this Guarantee by the Guarantor shall be made subject to the Conditions.

2.2 **Guarantor as Principal Debtor:** As between the Guarantor, the Holders and the Relevant Account Holders but without affecting the Issuer's obligations, the Guarantor shall be liable under this Guarantee as if it were the sole principal debtor and not merely a surety. Accordingly, its obligations shall not be discharged, nor shall its liability be affected, by anything that would not discharge it or affect its liability if it were the sole principal debtor, including (1) any time, indulgence, waiver or consent at any time given to the Issuer or any other person, (2) any amendment to any other provisions of this Guarantee or to the Conditions or to any

security or other guarantee or indemnity, (3) the making or absence of any demand on the Issuer or any other person for payment, (4) the enforcement or absence of enforcement of this Guarantee, the Notes, the Deed of Covenant or of any security or other guarantee or indemnity, (5) the taking, existence or release of any security, guarantee or indemnity, (6) the dissolution, amalgamation, reconstruction or reorganisation of the Issuer or any other person or (7) the illegality, invalidity or unenforceability of or any defect in any provision of this Guarantee, the Notes, the Deed of Covenant or any of the Issuer's obligations under any of them.

2.3 **Guarantor's Obligations Continuing:** The Guarantor's obligations under this Guarantee are and shall remain in full force and effect by way of continuing security until no sum remains payable under the Notes, the Deed of Covenant or this Guarantee and no further Notes may be issued by the Issuer under the Programme. Furthermore, those obligations of the Guarantor are additional to, and not instead of, any security or other guarantee or indemnity at any time existing in favour of any person, whether from the Guarantor or otherwise and may be enforced without first having recourse to the Issuer, any other person, any security or any other guarantee or indemnity. The Guarantor irrevocably waives all notices and demands of any kind.

2.4 **Exercise of Guarantor's Rights:** So long as any sum remains payable under the Notes, the Deed of Covenant or this Guarantee, the Guarantor shall not exercise or enforce any right, by reason of the performance of any of its obligations under this Guarantee, to be indemnified by the Issuer or to take the benefit of or enforce any security or other guarantee or indemnity.

2.5 **Avoidance of Payments:** The Guarantor shall on demand indemnify the relevant Holder or Relevant Account Holder, on an after tax basis, against any cost, loss, expense or liability sustained or incurred by it as a result of it being required for any reason (including any bankruptcy, insolvency, winding-up, dissolution or similar law of any jurisdiction) to refund all or part of any amount received or recovered by it in respect of any sum payable by the Issuer under the Notes or the Deed of Covenant and shall in any event pay to it on demand the amount as refunded by it.

2.6 **Debts of Issuer:** If any moneys become payable by the Guarantor under this Guarantee, the Issuer shall not (except in the event of the liquidation of the Issuer) so long as any such moneys remain unpaid, pay any moneys for the time being due from the Issuer to the Guarantor.

2.7 **Indemnity:** As separate, independent and alternative stipulations, the Guarantor unconditionally and irrevocably agrees: (1) that any sum that, although expressed to be payable by the Issuer under the Notes, the Deed of Covenant or this Guarantee, is for any reason (whether or not now existing and whether or not now known or becoming known to the Issuer, the Guarantor, a Holder or a Relevant Account Holder) not recoverable from the Guarantor on the basis of a guarantee shall nevertheless be recoverable from it as if it were the sole principal debtor and shall be paid by it to the Holder or Relevant Account Holder (as the case may be) on demand; and (2) as a primary obligation to indemnify each Holder and Relevant Account Holder against any loss suffered by it as a result of any sum expressed to be payable by the Issuer under the Notes, the Deed of Covenant or this Guarantee not being paid on the date and otherwise in the manner specified in this Guarantee or in the Conditions or any payment obligation of the Issuer under the Notes, the Deed of Covenant or this Guarantee being or becoming void, voidable or unenforceable for any reason (whether or not now existing and whether or not now known or becoming known to a Holder or a Relevant Account Holder), the amount of that loss being the amount expressed to be payable by the Issuer in respect of the relevant sum.

2.8 **Incorporation of Terms:** The Guarantor agrees that it will comply with and be bound by all such provisions contained in the Conditions which relate to it.

3 Payments

3.1 **Payments Free of Taxes:** All payments by the Guarantor under this Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Spain or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Guarantor shall pay such additional amounts as shall result in receipt by the Holders and the Relevant Account Holders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

3.1.1 **Other connection:** to, or to a third party on behalf of, a Holder or Relevant Account Holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with Spain other than the mere holding of the Note or Coupon; or

3.1.2 **Presentation more than 30 days after the Relevant Date:** presented for payment more than 30 days after the Relevant Date except to the extent that the Holder or Relevant Account Holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth such day; or

3.1.3 **Information requested by Spanish Tax Authorities:** (in respect of any payment by the Issuer) to, or to a third party on behalf of, a Holder or Relevant Account Holder who does not provide to the Issuer (or the Guarantor) or an agent acting on behalf of the Issuer (or the Guarantor) the information concerning such Holder or Relevant Account Holder as may be required in order to comply with the procedures that may be implemented to comply with the interpretation of Royal Decree 1145/2011 as eventually made by the Spanish Tax Authorities.

Defined terms used in this Clause 3.1 shall have the meanings given to them in the Conditions.

3.2 **Stamp Duties:** The Guarantor covenants to and agrees with the Holders and Relevant Account Holders that it shall pay promptly, and in any event before any penalty becomes payable, any stamp, documentary, registration or similar duty or tax payable in Spain, Belgium or Luxembourg, as the case may be, or in the country of any currency in which the Notes may be denominated or amounts may be payable in respect of the Notes or any political subdivision or taxing authority thereof or therein in connection with the entry into, performance, enforcement or admissibility in evidence of this Deed and/or any amendment of, supplement to or waiver in respect of this Deed, and shall indemnify each of the Holders and Relevant Account Holders, on an after tax basis, against any liability with respect to or resulting from any delay in paying or omission to pay any such tax.

4 Amendment and Termination

The Guarantor may not amend, vary, terminate or suspend this Guarantee or its obligations hereunder unless such amendment, variation, termination or suspension shall have been approved by a resolution of the Noteholders or to comply with any mandatory requirements set forth by any regulation, directives or rules issued by the Spanish government or the relevant administrative authority, save that nothing in this Clause shall prevent the Guarantor from increasing or extending its obligations hereunder by way of supplement to this Guarantee at any time.

5 Currency Indemnity

If any sum due from the Guarantor under this Deed or any order or judgment given or made in relation thereto has to be converted from the currency (the "**first currency**") in which the same is payable under this Deed or such order or judgment into another currency (the "**second currency**") for the purpose of (a) making or filing a claim or proof against the Guarantor, (b) obtaining an order or judgment in any court or other

tribunal or (c) enforcing any order or judgment given or made in relation to this Deed, the Guarantor shall indemnify each Beneficiary on demand against any loss suffered as a result of any discrepancy between (i) the rate of exchange used for such purpose to convert the sum in question from the first currency into the second currency and (ii) the rate or rates of exchange at which such Holder or Relevant Account Holder may in the ordinary course of business purchase the first currency with the second currency upon receipt of a sum paid to it in satisfaction, in whole or in part, of any such order, judgment, claim or proof.

This indemnity constitutes a separate and independent obligation of the Guarantor and shall give rise to a separate and independent cause of action.

6 General

6.1 **Benefit:** This Guarantee shall enure for the benefit of the Holders and the Relevant Account Holders.

6.2 **Deposit of Guarantee:** The Guarantor shall deposit this Guarantee with the Fiscal Agent, to be held by the Fiscal Agent until all the obligations of the Guarantor have been discharged in full. The Guarantor acknowledges the right of each Holder and each Relevant Account Holder to the production of, and to obtain a copy of, this Guarantee.

7 Governing Law and Jurisdiction

7.1 **Governing Law:** This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

7.2 **Jurisdiction:** The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with this Deed and accordingly any legal action or proceedings arising out of or in connection with this Deed ("**Proceedings**") may be brought in such courts. The Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause is for the benefit of each of the Relevant Account Holders and each of the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

7.3 **Agent for Service of Process:** The Guarantor irrevocably appoints Law Debenture Corporate Services Limited of Fifth Floor, 100 Wood Street, London, EC2V 7EX as its agent in England to receive service of process in any Proceedings in England based on this Deed. If for any reason the Guarantor does not have such an agent in England, it shall promptly appoint a substitute process agent and notify the Holders or Relevant Account Holders of such appointment in accordance with the Conditions. Nothing herein shall affect the right to serve process in any other manner permitted by law.

In witness whereof the Guarantor has caused this deed to be duly delivered as a deed on the date stated at the beginning.

ENAGÁS, S.A.

By:

DESCRIPTION OF THE ISSUER

General Information

The corporate name of the Issuer is "Enagás Financiaciones, Sociedad Anónima Unipersonal".

The Issuer is registered with the Mercantile Registry (*Registro Mercantil*) of Madrid, Spain, under Volume 29.386, Folio 161, Section 8, Page M-528949, 1st registration entry. The Issuer holds Tax Identification Code number A-86450244. The Issuer was incorporated for an indefinite time before Madrid Notary Public Mr. Pedro de la Herrán Matorras, on 16 April 2012.

The Issuer is a wholly-owned subsidiary of Enagás, S.A. and was incorporated on 16 April 2012 as a limited liability corporation (*sociedad anónima*) owned by one single shareholder (unipersonal), incorporated in accordance with Royal Legislative Decree 1/2010 of 2 July 2010, which approves the Consolidated Text of Spanish Limited Liability Companies' Law (*Real Decreto Legislativo 1/2010, de 2 de julio, por el que se aprueba el texto refundido de la Ley de Sociedades de Capital*).

The Issuer's current registered office is located at Paseo de los Olmos 19, Madrid 28005, Spain.

Share capital and shareholder

The Issuer's share capital is €890,000, fully subscribed and paid-up, divided into eight thousand nine hundred (8,900) standard shares, each having a par value of one hundred euro (€100), consecutively numbered from no. 1 through no. 8,900, inclusive, all of which are issued and fully paid-up.

No recent events relating to the Issuer exist which are important for evaluating its solvency.

Business

The corporate purpose of the Issuer is (a) the issuance of debt securities and the obtaining of funding by any means in accordance with common practice; (b) the management and administration of equity securities, the rendering of any type of services to companies in which it has a stake and the distribution of the financial resources obtained from the execution of its corporate purpose; and (c) the acquisition, subscription, use, administration and disposal of securities. This purpose shall be implemented subject to compliance with those legal requirements in force at the time of an issue.

Management and Supervisory Bodies

As at the date of this Prospectus, the members of the board of directors of the Issuer and their position on the board, are the following:

Name of Director	Position on Board
Borja García Alarcón Altamirano	Joint Director
Luis Ros Arnal	Joint Director

The business address of the members of the board of directors is Paseo de los Olmos 19, Madrid 28005, Spain.

As at the date of this Prospectus, there are no potential conflicts of interest between the duties of the persons identified above to the Issuer and their private interests and/or other duties. None of the members of the board

of directors of the Issuer performs any activities outside of its duties to the Issuer that are significant with respect to those duties.

Financial Information

Financial position

The Issuer was incorporated on 16 April 2012 with no financial activity prior to this date. The audited stand-alone financial statements of the Issuer as at and for the years ended 31 December 2019 and 31 December 2018 have been incorporated by reference into this Prospectus.

Legal and arbitration proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have or have had, in the period of 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer.

Material contracts

Not applicable.

Third party information statement by experts and declaration of any interest

Not applicable.

DESCRIPTION OF ENAGÁS, S.A.

General Information

Enagás, S.A. ("**Enagás**") is a Spanish limited liability company (*Sociedad Anónima*), subject to the Spanish Companies Law (*Ley de Sociedades de Capital*), that was incorporated on 13 July 1972 for an indefinite period. It is registered in the Mercantile Registry of Madrid at volume 305, sheet 36 and page number M-6113. The registered address of Enagás is Paseo de los Olmos No. 19, 28005 Madrid, Spain.

Share capital and major shareholders

Enagás has been listed on the stock exchanges of Madrid, Barcelona, Bilbao and Valencia since 2002 and its current share capital is represented by 261,990,074 shares with a par value of €1.50 each, forming a single class. The share capital is fully paid-up.

On 19 December 2019, a capital increase was carried out through the issue and circulation of 23,255,814 ordinary shares of Enagás, each with a face value of 1.50 euros, and a share premium of €465,116,280.

The following table sets out the largest shareholders of Enagás as at 11 May 2020:

Shareholder	**Direct shareholding**	**Indirect/ direct shareholding**	**Total shareholding**
		(%)	
Sociedad Estatal de Participaciones Industriales.....	5.00	-	5.00
Ortega Gaona, Amancio		5.00	5.00
Bank of America Corporation	-	3.61	3.61
Blackrock inc	-	3.38	3.38
State Street Corporation	-	3.01	3.01

The Hydrocarbons Law (defined below), as amended, provides that no individual or company may (i) directly or indirectly hold more than 5 per cent. of Enagás' share capital or (ii) exercise more than 3 per cent. of the voting rights in Enagás. The Hydrocarbons Law also stipulates that natural persons or legal entities that operate in the gas industry or those natural persons or legal entities that, directly or indirectly, hold over 5 per cent. of the share capital of legal entities that operate in the gas industry may not exercise more than 1 per cent. of the voting rights in Enagás. It further provides that shareholders of Enagás may not enter into shareholders' agreements or any other kind of agreements for the joint exercise of their voting rights. These restrictions shall not apply to direct or indirect shareholdings held by public-sector enterprises.

The Hydrocarbons Law also stipulates that the sum of direct or indirect shareholdings in Enagás by all entities, which develop activities related to the natural gas sector, may not be greater than 40 per cent. of Enagás' aggregate share capital.

Litigation

Enagás is party to an arbitration proceeding which is currently in the arbitral tribunal.

Arbitration proceeding against the Government of Peru

In January 2017, the Government of Peru declared the termination of the concession of the Gasoducto Sur Peruano ("**GSP**") project, a concession which was awarded to the consortium in which Enagás participated with a 25 per cent. share in 2014. Following the termination of the concession contract, the Peruvian State should have initiated the procedure foreseen in clause 20 of the relevant contract. This procedure involves designating a consulting entity of international standing to calculate the Net Carrying Amount ("**NCA**") of the concession assets as well as the subsequent organisation of three public tenders at a starting price corresponding to 100% of the NCA, and at any rate guaranteeing payment to GSP of 72.25% of the NCA after the third auction. At the end of 2017, the Government of Peru had still not initiated this procedure and declared that the Regulations for Transportation of Hydrocarbons via Pipelines approved by Supreme Decree 081-2007-EM would be applied instead. As this procedure had not been initiated either, Enagás notified the Government of Peru on 19 December 2017 of a disagreement relating to the investment in GSP pursuant to the Agreement for Reciprocal Promotion and Protection of Investments (to which both Peru and Spain are parties) ("**APPRI**"). The communication of the disagreement by Enagás initiated the direct contact phase in accordance with Article 9.1 of APPRI, which precedes an international arbitration with a view to reaching a settlement. Following the six-month period established by the direct contact procedure without reaching an amicable agreement, Enagás filed on 2 July 2018 an application for arbitration against the Government of Peru before the CIADI (*Centro Internacional de Arreglo de Diferencias Relativas a Inversiones*). Enagás expects to obtain reimbursement for its investment in GSP with a favourable arbitration award recognising that the Government of Peru did not protect Enagás' investment in accordance with APPRI and has to indemnify the Group against the value of the investment.

The arbitral tribunal was constituted on 18 July 2019 and on 24 September 2019, the procedural rules governing the arbitration procedure were established. The arbitration proceedings are taking place in accordance with the procedural calendar approved by the arbitral tribunal. Pursuant to the procedural calendar, Enagás filed its statement of claim on 20 January 2020 and is waiting for the Government of Peru to file its statement of defence. The original deadline for the filing of the statement of the defence was scheduled for 29 May 2020, however due to the Covid-19 (as defined below) pandemic, it is now anticipated that there will be a delay of six weeks in this timeline. Enagás' legal advisors estimate that the award that resolves this dispute will be published before the end of 2022.

Enagás has put itself at the disposal of the Goverment of Peru to reach an amicable agreement to end the arbitration proceedings.

As at 31 December 2019, there had been no changes in the valuation of the NCA which remained at $1,980 million as per the valuation made by a firm of independent experts hired by Enagás. According to Enagás, this figure would suffice to be applied to the payments waterfall pursuant to the insolvency law and the remaining payments under the subordination and the assignment of credit agreements and allow for the return the total value of Enagás' investment in the GSP project.

Based on the conclusions determined by both the internal and external legal advisers of Enagás, the probability of Enagás recovering the entirety of its investment in GSP (consisting of (i) receivables in relation to the aforementioned enforced guarantees amounting to $226.8 million, (ii) interests of $1.8 million, (iii) various invoices for professional services provided totalling $7.6 million and (iv) the share capital contributed to GSP of $275.3 million) is considered likely.

Background

Enagás was incorporated to operate the natural gas infrastructure network in Spain. After the enactment in 1998 of the Hydrocarbons Industry Law (*Ley 34/1998, de 7 de octubre del sector de hidrocarburos*, the "**Hydrocarbons Law**") which liberalised the Spanish natural gas market in accordance with applicable European directives and the implementation process that followed, Enagás became an owner of gas

transportation infrastructures comprising high pressure gas pipelines, underground gas storages and regasification plants.

As the owner of the majority of the basic natural gas infrastructure network in Spain, in 2000 Enagás was appointed technical manager of the natural gas system (*Gestor Técnico del Sistema*, the "**Technical System Manager**"), pursuant to an amendment of the Hydrocarbons Law made by Royal Decree Law 6/2000, of 23 June 2003. The Technical System Manager is responsible for the technical management of the basic and secondary gas transportation networks and its role is to ensure the continuity and security of supply and proper coordination between the access points.

Royal Decree Law 6/2009 appointed Enagás as the sole transporter for the high-pressure gas network (*Transportista Único de la red troncal de transporte primario de gas*) in Spain. In addition to the activities that it carries out directly, Enagás is also the head of a group of companies that owns interests in joint ventures engaged in the gas transportation and regasification business in Spain, México, Perú, Chile, Sweden, Greece, Albania and Italy.

The new Additional Provision no. 31 of the Hydrocarbons Law (introduced by the Final Provision no. 6 of Law 12/2011, of 27 May 2011 on civil liability for nuclear damage or damage produced by radioactive materials) provided that Enagás had to create two subsidiary companies, in which it would hold the entire capital stock, that would be tasked with the functions of Technical System Manager and transportation company respectively, by transferring all of the material and human assets currently dedicated to the pursuit of each of the above two activities.

Pursuant to the above statutory provision, Enagás has transferred to two incorporated subsidiaries (Enagás Transporte and Enagás GTS, S.A.U., "**Enagás GTS**") all of the economic units specific to their functions as a gas transportation company and Technical System Manager, respectively, including the corresponding human resources teams and all assets and liabilities comprising such units. The corporate head offices and the properties not involved in the regulated activities that were not transferred to Enagás Transporte or Enagás GTS continue to be held by the parent company.

Pursuant to the Hydrocarbons Law, Enagás may not transfer its shares in any subsidiaries pursuing regulated activities to any third parties.

Business

Overview

The Group is a natural gas transmission, regasification and underground storage company in Spain and the technical manager of the Spanish gas system. The company is also certified as an independent transmission system operator ("**TSO**") by the EU. Since its inception in 1972, the Group has played a key role in the introduction of natural gas to Spain, building an extensive gas infrastructure network to transport natural gas throughout the country. As of 31 December 2019, the Group owned more than 90% of the high-pressure gas pipelines in Spain, operated 89% of the country's underground storage, was present at six out of the seven regasification plants on the Iberian Peninsula and had a share of more than 85% of the national transmission remuneration. In addition to Spain, the Group has operations in Mexico, Peru, Chile, Greece, Albania, Italy and the United States. This geographic diversity, underpinned by the Group's strategy to expand into international midstream operations through stakes in favourable growth markets, provides stable and predictable cash flows while facilitating the provision of reliable and efficient gas solutions around the globe.

The Group owns and operates the majority of Spain's gas infrastructure. Its assets include six regasification plants, 11,369 km of pipelines, 19 compressor stations, six international connections and three underground storage facilities. Through the operation of this infrastructure network, the Group manages the combined natural gas lifecycle in Spain. Natural gas enters the country in gaseous form through an international pipeline

connection, or as liquid natural gas ("**LNG**") through one of the country's regasification terminals (six of which are owned and operated by the Group) where it is returned to its gaseous state. Natural gas is then transported through a network of pipelines to reach distributors and end consumers across the country or is stored in an underground storage facility. The technical operation of the Spanish gas system, including the routing of gas and relationship with shippers and commercial suppliers, is managed by the Group in its capacity as the country's technical system manager.

The gas market in Spain is highly regulated and comprises two main participants: (i) *operators*, that own and operate the gas infrastructure in the country (such as the Group), and (ii) *users*, that contract access to the gas system to introduce, regasify, transport, distribute and store gas. Users pay tolls and royalties to the network in an amount determined annually by a Ministerial Order. The remuneration of operators, on the other hand, is set by law under a six-year regulatory period (2014-2021) and is paid by the CNMC with the proceeds collected from tolls and royalties paid by users of the Spanish gas system. As such, operators do not have clients, contracts or commercial relationships with shippers, commercial distributors or end-consumers.

The remuneration paid to operators has a fixed and a variable component. The fixed component is intended to compensate the investment, operating and maintenance costs of the assets used to operate the gas system. The variable remuneration relates to the continuity of supply of the regulated activities (regasification, transmission, and underground storage) adjusted by an efficiency factor and changes in demand.

The construction of new gas infrastructure in Spain is centrally planned by the government pursuant to a five-year mandatory plan. The last mandatory plan elapsed in 2016 and has not been renewed as of the date of this Prospectus.

Since 2011, the Group has leveraged its experience as operator and manager of the Spanish gas system by participating in international projects intended to (i) integrate the European gas market through its participation in the Trans-Adriatic Pipeline project and (ii) develop natural gas infrastructure in growth markets across Latin America.

The Group organises its business across three business segments:

- *Regulated activities* (*Infrastructure – Enagás Transporte, S.A.U. and Enagás Transporte Del Norte, S.L.*) – The Group's regulated activities segment consists of infrastructure activity related to transmission, regasification and storage of natural gas in Spain. Upon extraction, natural gas is liquefied, transported in methane tankers from producing countries and unloaded at the Group's regasification plants where it is stored in cryogenic tanks and returned to its original gaseous state. As of 31 December 2019, the Group's regasification assets consist of six LNG terminals located in El Musel, Barcelona, Cartagena, Huelva, Sagunto and Bilbao. Regasified gas is then distributed to end-consumers via the Group's network of pipelines comprised of primary transmission pipelines (with maximum design pressure equal to or greater than 60 bars) and secondary transmission pipelines (with maximum design pressure ranging from 16 to 60 bars). The Group's transmission infrastructure consists of approximately 11,369 km of gas pipelines across Spain, 19 compressor stations and six international connections. The Group also operates three strategic underground gas storage facilities, two onshore facilities in Serrablo (in Huesca) and Yela (in Guadalajara), and Gaviota, an offshore storage facility located in the Bay of Biscay. For the financial years ending 31 December 2018 and 2019, regulated activities revenues amounted to €1,060 million and €1,062 million, respectively, representing 79.0% and 89.8% of the Group's consolidated Revenues and other operating income.

- *Regulated activities* (*Technical system management*) – The Group's technical system management activities, a subset of its broader regulated activities, relate to the oversight and management of the Spanish gas system. As technical manager, the Group is required to guarantee the continuity and security

of the gas supply as well as the efficient coordination among access, storage, transmission and distribution points. For the financial years ending 31 December 2018 and 2019, technical system management activities Revenues amounted to €24 million and €24.5 million respectively, representing 1.8% and 2.1% of our consolidated revenues and other operating income.

- *Non-regulated activities* – This segment includes the Group's regasification and transmission activities outside of Spain. The Group has international midstream operations through joint ventures in large greenfield and brownfield projects in Mexico, Peru, Chile, Greece, Albania and Italy. For the financial years ending 31 December 2018 and 2019, non-regulated activities revenues and other operating income amounted to €258 million and €96 million respectively, representing 19.2% and 8.1% of our consolidated Revenues and other operating income.

On a consolidated basis, for the financial years ending 31 December 2018 and 2019, the Group generated 80.8% and 91.9% of its consolidated revenue and other operating income respectively from regulated activities (infrastructure and technical systems), of which 64.0% and 64.5% corresponded to transportation, 23.7% and 25% to regasification, 10.0% and 8.2% to storage and 2.2% and 2.3% from technical system management activities. In addition, it generated 19.2% and 8.1% from non-regulated activities.

History of Enagás

The company was founded in 1972 by the Spanish Government with the aim of creating a nationwide network of gas pipelines. In 2000, Enagás was appointed technical manager of Spain's gas system. After privatisation in 1994, Gas Natural acquired a controlling stake in the company, which it gradually disposed of, since demerging Enagás in 2002. Currently, 5% is the maximum stake a single shareholder is permitted to hold in the Group (since 30 December 2006). The state-owned holding company Sociedad Estatal de Participaciones Industriales (SEPI), is an institutional shareholder that currently owns 5% of Enagás. As of 31 December 2019, approximately 90% of the company's shares are on the open market. In 2009, the Group was named the sole transporter for Spain's primary gas transport trunk network. This was followed by a rapid integration and expansion process, which included:

- In 2010, the acquisition of the Gaviota offshore underground storage facility and 40% of the Bilbao LNG terminal (BBG).
- In 2011, the acquisition of the Altamira regasification terminal in Mexico, the Group's first international acquisition.
- In 2012, the acquisition of the GNL Quintero regasification plant in Chile and certification as European TSO under the ownership unbundling (OU) regime.
- In 2013, the acquisition of Naturgas Energía Transporte from EDP, to consolidate its position as sole transporter for the gas transmission trunk network.
- In 2014, the acquisition of Transportadora de Gas del Perú ("**TgP**"), which manages the gas pipeline connecting the Camisea reservoirs in Peru and the Melchorita liquefaction plant, and its acquisition of 16% of the ownership interest in the company developing the Trans Adriatic Pipeline (**TAP**) project.
- In 2015, the acquisition of Swedegas, the owner and operator of the Swedish gas transmission grid and 30% of Saggas along with an increase in the Group's ownership of BBG (to 50%).
- Between 2016 and 2017, the increase in the Group's ownership interest in TgP and COGA, GNL Quintero, Saggas (to 72.5%) and Swedegas.
- In 2018, a Consortium in which the Group holds a 20% share was awarded a contract for the acquisition of a 66% stake in DESFA, the Greek national natural gas operator.

- On 21 November 2018, after compliance with the corresponding conditions precedent set forth in the purchase agreement, the sale was completed of the entire stake that Enagás Internacional, S.L.U. held in Swedegas Group, which accounted for 50% of Swedegas Group's share capital.

- On 11 March 2019, Enagás finalised an agreement to invest $590 million in an indirect stake of 10.9% in Tallgrass Energy LP ("**TGE**"). This investment was made through various holding companies, together with affiliates of Blackstone Infrastructure Partners and GIC (Singapore's sovereign wealth fund). Founded in 2012, TGE is a US energy infrastructure company which owns three inter-state gas pipelines regulated by the Federal Energy Regulatory Commission, with a total of 11,000 km of gas transmission pipelines, 2,400 km of gas gathering pipelines and a 1,300 km oil pipeline. On 30 July 2019 Enagás increased its stake in these holding companies to 12.6% of the indirect shareholding in TGE, following approval by the Committee on Foreign Investment in the United States. In addition, on 16 December 2019, Enagás, through the aforementioned holding companies, signed an agreement for the acquisition of the entire free float of TGE. Upon the fulfilment of the relevant conditions and approval by the TGE General Shareholders' Meeting, and payment by Enagás of $836 million, this transaction closed on 17 April 2020. As a consequence of the closing of this transaction, Enagás has increased its indirect interest in TGE to 30.2%. In order to finance this increased interest in TGE, on 19 December 2019 Enagás completed a €500,000,000 capital increase through the issuance of 23,255,814 ordinary shares at an issue price of €21.50 per share. This increase in the number of shares does not alter Enagás's dividend per share commitment to its shareholders.

The following table sets out the evolution of the Group's Spanish infrastructure from 2018 to 2019:

	2018	2019
Transportation grid		
Pipeline length (km)[1]	11,369	11,369
Regasification plants		
Storage capacity LNG (m^3) (´000)[4]	3,317	3,317
Vaporisation capacity (m^3 (n)/h)[2](´000)[4]	6,863	6,863
Underground storage		
Extraction capacity (M m^3 (n)/day)[3]	18.1	16.7
Injection capacity (M m^3 (n)/day)	10.7	10.7

Notes

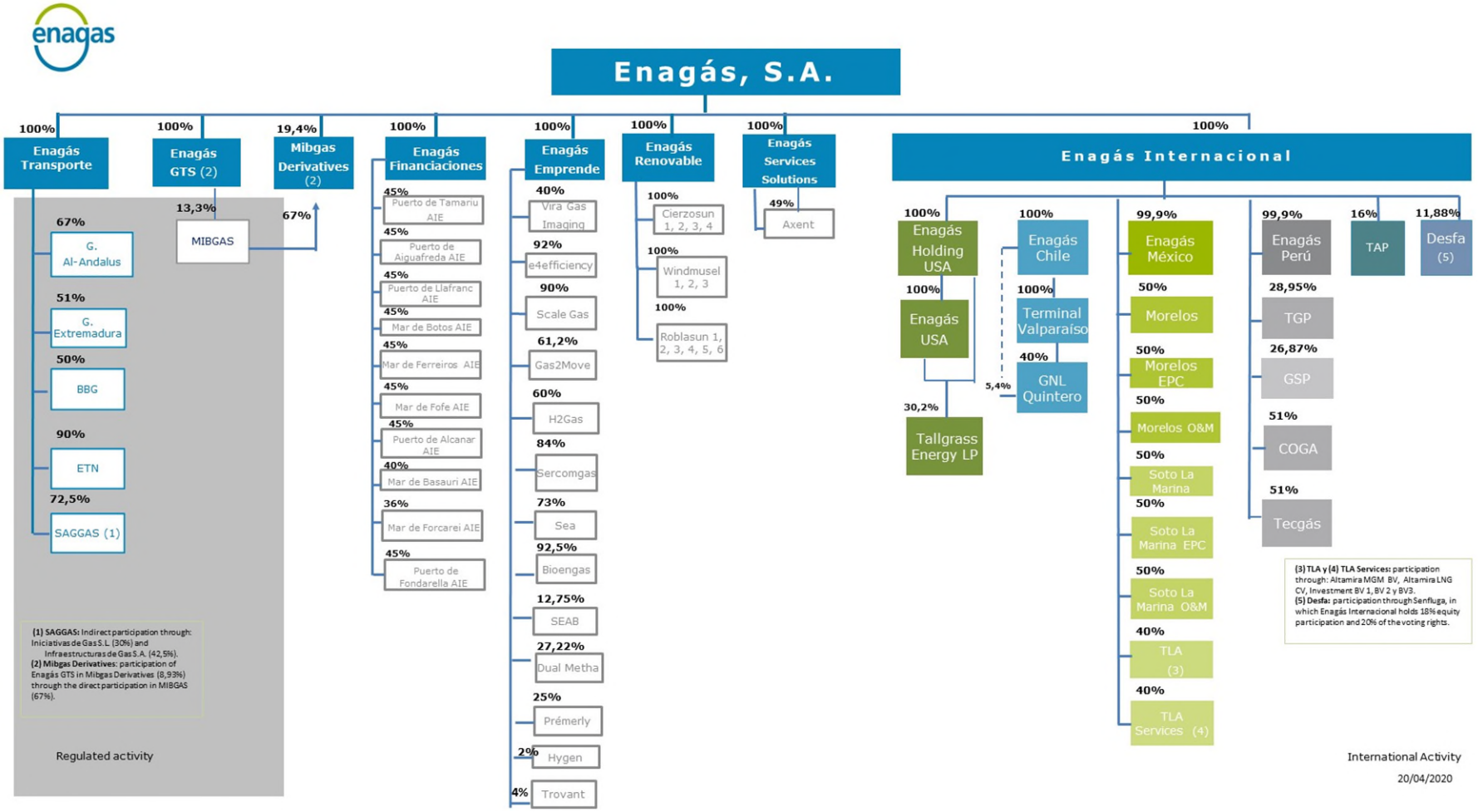
1 The Group manages the entire primary Spanish network through its subsidiary Enagás GTS.

2 (n)/h means, per hour, in normal pressure and temperature conditions.

3 (n)/day means, per day, in normal pressure and temperature conditions.

4 Excluding the percentage corresponding to the Bilbao regasification plant.

Organisational Structure



Overview of the Spanish Gas System

Gas Infrastructure

The Spanish gas system relies almost entirely on imported natural gas. In 2019 only 0.37% of the total gas consumption was produced in Spain. The Spanish market's gas consumption relies on imports from its international pipeline connections with Africa, but also with France and Portugal, and its LNG terminals.

The gas imported by Spain through the country's six operational LNG regasification terminals (in Huelva, Barcelona, Cartagena, Bilbao, Sagunto and Galicia) in 2019 was 240,478 GWh (a 4% increase compared to 2018). The majority of imported gas (57%) was brought by vessels and the remaining 43% was brought into Spain by pipeline (mainly the Medgaz and Maghreb pipelines). There are six international pipeline connections: (i) two connections with Portugal (through Tuy and Badajoz), (ii) one with Morocco (across the Maghreb-Europe Gas Pipeline (MEGP, through Tarifa), (iii) one with Algeria (across the sea landing at Almería, the Medgaz pipeline), and two with France (through Navarra and Guipúzcoa). The interconnection points connections brought 177,389 GWh to Spain, representing 43% of natural gas imports in 2019 (including LNG). Algeria was the single largest supplier of natural gas to Spain in 2019 (138,342 GWh (including LNG and natural gas)). Despite not being a producer, Spain exported 11,743 GWh of natural gas through its connection with Portugal and France.

As of 31 December 2019, the Spanish trunk network consisted of 13,361 km of primary and secondary pipelines, and 19 compressor stations used to propel the natural gas from the various entry points of the gas system to the ultimate end consumers.

Since Spain imports practically all the gas it consumes, its storage capacity is relevant, representing approximately 41% in the case of LNG. In addition, underground storage in 2019 increased by 1,184 GWh to 63,244 GWh. From 1 April 2019 to 31 March 2020, underground available capacity amounted to 32,059 GWh and mandatory security reserves to 19,127 GWh.

Gas Transmission and System Management

The main activities involved in the supply of natural gas include production, liquefication, transmission, regasification, storage and supply. Given the virtual monopoly of transmission, regasification and storage activities (which have historically been carried out by a single operator), these activities are categorised as "**regulated**" activities and are subject to certain constraints, supervision and remuneration schemes to guarantee third party access to the gas system. On the other hand, production, liquefication and commercial supply operate in an unregulated, free-market system and are categorised as "**non-regulated**" activities.

The Spanish transmission network includes:

- the primary network (*red básica*), which consists mainly of high-pressure pipelines (equal or above 60 bar), LNG regasification terminals, basic storage facilities, compressor stations, international connections to the Spanish gas system and national connections to the basic network; and
- the secondary network (*red secundaria*), consisting of lower pressure pipelines (with pressure between 16 and 60 bar).

While there are several transmission companies, Enagás Transporte, S.A.U., a subsidiary of the Group, has been appointed as the company responsible for developing and constructing any new facilities that qualify as part of the "trunk network" (*red troncal*). The trunk network includes interconnected high-pressure pipelines, interconnection points, connections with natural gas fields or storage facilities, connections with regasification plants and compressor stations.

The country's gas grid is operated by the Technical System Manager, which is responsible for the operation and technical management of the primary and secondary networks in Spain.

Regulatory System

The Spanish government established the regulatory framework for the current gas system in 2014. The primary purpose of this new framework was to address the problem posed by tariff deficits. Tariff deficits are shortfalls of revenues in a country's energy system, which arise when the tariffs for the regulated components of the retail energy price (e.g. transmission of gas) are set below the costs recognised by the companies operating the system. A tariff deficit implies that deficit or debt is built up in the energy sector and as these deficits accumulate, they appear as receivables on the financial statements of these energy companies. The new regulatory gas framework introduced in 2014 established a mechanism to recover tariff deficit accumulated until 2014 within a 15-year period and prevent the generation of future tariff deficits through a guaranteed remuneration system.

Regulatory periods of six years are fixed to establish the remuneration of regulated activities, providing regulatory stability for such activities. The remuneration applicable to gas transmission, regasification and storage for the 2014-2021 period is calculated for each regulated asset. The remuneration formula takes two components into account: (i) a fixed component known as remuneration to availability; and (ii) a variable component known as remuneration to continuity of supply.

Remuneration to availability is the sum of the investment costs and the maintenance and operational costs of each asset, where the investment costs are comprised of: (i) a depreciation factor that is calculated by reference to the annual value of the asset and its useful life; and (ii) a financial return that is calculated applying a financial return rate to the asset net value. The financial return rate is the average of the 10-year Spanish bond for the previous twenty-four months to the publication of Royal Decree-Law 8/2014, increased by 50 basis points for the first regulatory period (until 2021).

RCS is applied to each activity – transmission, regasification and underground storage. This remuneration is allocated to each operating asset according to their standard investment value. The RCS remuneration is updated annually to reflect fluctuations of demand levels, regasified volumes in regasification plants and underground storage utilisation levels against the previous year and corrected by an efficiency factor. For the first regulatory period this factor has been set at 0.97. The remuneration system is guaranteed by law. Each participant in the gas system performing a regulated activity will get paid an amount prescribed by law. The guarantee is based on the idea that the system has to be economically sustainable and self-sufficient under the premise that the costs of the operators of the gas system should be covered by the money raised by such system. Thus, if there is a deficit on any given year, whereby the money raised by the gas system is below the operating costs of the participants due to, for example, lower than expected demand, the system will guarantee that such shortfall be paid during the following exercise. This is achieved by means of a settlement mechanism. As there can be important mismatches between the costs of each regulated company and the tariffs they will be able to recover in their infrastructures, a settlement process was established in 2002.

Any company wishing to use the Spanish gas system is required to pay access tolls and royalties, which are set by law. The amount ultimately paid by shippers and suppliers of gas is based on the service contracted, which ranges from LNG unloading, to regasification, transmission and storage. The money is raised by the system participant at the point of entry and pooled into a segregated account on behalf of the regulator (the CNMC). These electronic contracts are framework agreements which provide technical information only, such as amount contracted, type of service, volume, gas quality, entry and exit points, etc. The regulator then determines how much of the pooled money corresponds to the Group and other system participants according to their invoiced costs. The Group nets the amount that is owed to it and transfers the balance to the other relevant participants in accordance with the regulator’s instructions. There are 14 settlement processes each year. Short settlement periods are intended to ensure that set-offs occur regularly and thereby limit the system's exposure to counter-

party risk. According to this settlement mechanism, the revenue collected from tariffs each year by the regulated companies in the system is distributed to these companies according to their recognised costs. This process guarantees that each company receives the same percentage of their costs.

Business Description

Regulated activities (Infrastructure)

The regulated activities (infrastructure) segment consist of activities related to the operation of the country's transmission system, regasification plants and underground storage facilities.

The following map sets forth the location of our regulated assets.

Transmission System

Gas pipelines

By virtue of Royal Decree-Law 6/2009 of 30 April 2009, the Group is the sole transmission system operator in Spain. The Group's primary gas pipeline network consists of the following main lines:

Gas pipelines	Length (Km)
Barcelona – Bilbao – Valencia	2,117.25
Huelva – Alcazar – Madrid	1,014.62
Noroeste – Cantábrico	905.9
Haro – Burgos – Madrid	892.58
Al Andalus	884.08
Ruta de la Plata	765.43
Huelva – Sevilla – Madrid	741.2
Valle del Ebro	687.91
Eje Levante	540.74

The average diameter of the pipes comprising the pipeline network is 28" and 98.4% of these pipes are piggable (i.e. can be controlled by electronic devices known as pigs).

The Group's pipeline network is equipped with 471 regulation and/or metering stations. The Metering Stations (MS) measure the natural gas entering and leaving the gas system, or exchanged by national and international operators. The Regulation and Metering Stations (RMS) are located at the points at which gas is delivered to other transmission and distribution networks. In these stations, gas pressure is reduced to 16 bar, as a means of starting the process of adaptation to final pressure which is used by companies and private individuals. These stations also measure the natural gas exchanged by national and international operators. Facilities of this kind are constantly being built and brought into service, responding to requests for new delivery points from gas distribution and transmission companies and eligible customers connecting their direct line.

The Group coordinates gas pipeline network maintenance, operations and control from 45 transmission centres. These transmission centres are distributed throughout the Spanish geography and are functionally grouped in three transmission units: North, South and East.

International connections

The Spanish Gas System is connected by gas pipelines to France, Portugal and North Africa through six international connections. The Group imports natural gas through its international connections, which include:

- VIP Ibérico (IC Badajoz + IC Tuy);
- VIP Pirineos (IC Larrau + IC Irún);
- CI Almería, and
- CI Tarifa.

Through its international connections at Larrau, Irún (with France), Badajoz (with Portugal), Tuy (with Portugal), Almería (with the Medgaz pipeline) and Tarifa (with the Maghreb pipeline), the Group participates in the import and export of natural gas allowing for diversification, security and protection against demand volatility. Gas is imported through entry points and delivered through exit points within the Spanish gas system. Access contracts generally detail the specifics regarding entry and exit points as well as the contracted flow rate.

The following table sets out imports and exports of natural gas by international connection.

International connections are equipped with Ultrasound Measurement Systems (MUS) with redundant capacity, which offer more precision than traditional metering through turbines. Additionally, meter supervisor systems have been installed to allow real time monitoring of natural gas parameters and warn through alarms of any deviation from established tolerance levels.

	Imports			**Exports**		
GWh	**2018**	**2019**	**Δ s/2018**	**2018**	**2019**	**Δ s/2018**
Tarifa	104.807	**57.606**	-45%			
Almería	79.290	**68.658**	-13%			
CCII Francia	40.230	**49.196**	22%	8.653	**4.489**	-48%
CCII Portugal	106	**1929**	>100	22.326	**7.254**	-68%
Total	**224.433**	**177.389**	**-21%**	**30.979**	**11.743**	**-62%**

Compressors

Enagás currently has 19 compressor stations which allow the gas to be propelled through the gas pipeline network under a guaranteed pressure. At these facilities, the gas pressure is increased to a maximum of 72/80 bar in order to increase pipeline transmission capacity.

Each compressor station is tailored to the capacity of the gas pipeline in which it is situated and the power rating and design of its turbocompressors. The compressor stations are operated remotely from the Main Control Centre (Dispatching) or through an in-house station control system (SCS).

At the compressor stations, the gas pressure is increased to a maximum of 72/80 bar in order to increase pipeline transmission capacity.

Regasification

The Group is one of the companies with the most LNG terminals in the world. It is a pioneer in the development, maintenance and operation of these infrastructures.

Upon extraction, the natural gas is liquefied and transported from producing countries in methane tankers at 160ºC below zero, to be unloaded at the Group's regasification terminals where it is stored in cryogenic tanks. The Spanish gas system has 25 tanks with a storage capacity of 3,316,500 m^3 in operation and two additional tanks with a total capacity of 300,000 m^3 which were put into hibernation. At these installations, the temperature of the liquefied gas is increased until the LNG is transformed into its gaseous state via a physical process generally involving the use of vaporisers and sea water. The natural gas is then injected into the gas pipelines for transportation to the whole peninsula.

The following table shows deliveries of liquefied natural gas by source into the Spanish gas system LNG terminals as of 31 December 2019:

Deliveries 2019:	**Argelia**	**Nigeria**	**Bélgica**	**EEUU**	**Noruega**	**Perú**	**Qatar**	**T&T**	**Francia**	**Angola**	**Rusia**	**R. Dominicana**	**Camerún**	**Guinea**	**Total**	**Average size deliveries (GWh)**
Barcelona	10	11		11	2	1	25	4		1	2		1	1	69	900
Huelva	2	28		14		1	6	5			3				59	942
Cartagena	1	3		3	1		10	5							23	869

Bilbao		4		13	5	2	1	19	2	20			66	974
Sagunto	2	2	1	4			10	1		3			23	1028
Mugardos	1	2		3		1		3		10			20	744
Total	**16**	**50**	**1**	**48**	**8**	**5**	**52**	**37**	**3**	**38**	**1**	**1**	**260**	**925**
Average size deliveries (GWh)	755	959	1038	961	922	1001	940	849	1.017	937	966	975		

The Group owns six regasification plants in Spain, located in Barcelona, Cartagena, Huelva, the port of El Musel (Gijón), Bilbao and Sagunto.

- The Barcelona LNG Terminal, established in 1969, is the oldest regasification plant currently operating in Europe. It has the largest storage and regasification capacity in the Spanish gas system and great liquidity. It is located on the flammables quay in the Port of Barcelona on the Mediterranean coast, enabling it to receive gas from countries such as Libya, Algeria, Oman and Egypt.

- The Cartagena LNG Terminal, established in 1989, has a load ratio of 7,222 m³/h, the highest of all the Spanish regasification terminals. It is situated on the Mediterranean coast, allowing it to service tankers from Libya, Algeria, Qatar, Oman, and Egypt, amongst others, and has played an increasingly important role in the Spanish gas system following the completion of the Levante axis linking Barcelona to Cartagena. In addition, it has a large storage and regasification capacity and one of the highest levels of operational flexibility in the system.

- The Huelva LNG Terminal, established in 1988, is the second largest regasification facility in Spain in terms of LNG storage capacity. The Huelva plant is located at the mouth of the Tinto and Odiel rivers in Palos de la Frontera on the Atlantic coast. This enables it to service ships from Trinidad and Tobago, Nigeria, Peru and Guinea, amongst others. It is strategically located to execute logistic operations in the Mediterranean and Atlantic basins, and the Canary Islands.

- The El Musel LNG Terminal, established in 2012, is located in the Cantabrian basin, in Guijón. Its location on the Cantabrian coast enables it to service ships from Norway, and to operate with the rest of Europe. It offers the option of establishing commercial agreements for its exclusive use pursuant to the terms of Article 60.6 of Act 18/2014. By Royal Decree Law 13/2012, operation of this plant has been suspended, but it must be maintained until operation is re-authorised. During this period, the Group is entitled to receive compensation for maintenance costs.

- The Bilbao LNG Terminal, established in 2003, is located in one of the main entry points for natural gas in the Cantabrian strip, which is ideal to exploit the north-western European market. The Group has a 50% stake in the plant, in partnership with the Basque Government.

- Sagunto LNG Terminal, established in 2006, is strategically located on the Mediterranean coast. The Group acquired a 30% interest in the plan in 2015 and further increased its interest in 2016 up to 72.5% as of 31 December 2019.

The following table sets forth key operational information regarding the Spanish gas system regasification plants as at 31 December 2019:

Regasification plants	**Maximum capacity vaporising**	**GNL Storage**	**Load tank capacity**		**Docks**	
	Nm³/h	**Nº Tanks**	**m³ GNL**	**GWh/día**	**Nº docks**	**m³ GNL**
Barcelona	1.950.000	6	760.000	15	2	266.000,00
Huelva	1.350.000	5	619.500	15	1	175.000,00
Cartagena	1.350.000	5	587.000	15	2	266.000,00
Bilbao	800.000	3	450.000	5	1	270.000,00
Sagunto	1.000.000	4	600.000	10,5	1	266.000,00

Mugardos	412.800	2	300.000	10,5	1	266.000,00
Total	**6.862.800**	**25**	**3.316.500**	**71**	**8**	**270.000**

The Group offers a third-party regasification service at its plants, which involves vaporising the LNG transported in methane tankers to enable it to be pumped into the transport network in its gaseous form. Before offloading the first shipment from a methane tanker, Enagás requests a report assessing a ship's compatibility with the plant. LNG can only be offloaded if a ship has satisfactorily passed the vetting procedures set forth by internationally-renowned companies specialising in evaluating LNG transport vessels.

Underground Storage

Natural gas is generally stored at a depth of 1,000 meters in a saline aquifer or exhausted gas or oil field. The injected gas displaces the water and fills the pores in the storage rock, which is sealed by a layer of impermeable rock above. During the summer months, compressed gas is injected through the wells. The gas is then extracted during the winter months when water refills pores in the aquifer, at which point the gas is treated and injected into the grid.

The Group owns and operates three underground storage facilities. These facilities include:

- *Serrablo Underground Storage* - located between the towns of Jaca and Sabiñánigo (province of Huesca), this facility started operations in 1984 and was acquired by the Group in 1991. It has a maximum injection rate of 3.9 million m^3(n)/day and maximum withdrawal rate of 6.7 million m^3(n)/day. Its useful capacity is 680 M m^3(n) and its cushion gas is 420 M m^3(n).

- *Gaviota Underground Storage* – located in the Cantabrian Sea, this is an off-shore facility located to the north-east of Bermeo (Vizcaya). The field where it is located occupies a surface area of 64 km^2 and has a depth of 2,150 metres. It is operated from a platform anchored to the seabed by 20 piles and connected by a gas pipeline to an onshore processing plant with maximum injection rate of 4.5 million m^3(n)/day and maximum output of 5.7 million m^3(n)/day. Its useful capacity is 979 million m3(n) and its cushion gas is 1,701 M m^3(n).

- *Yela Underground Storage* - Located in the municipality of Brihuega, in Guadalajara, it is formed by a saline fossil aquifer 2,300 metres below the surface. Its strategic location in the centre of the Iberian Peninsula makes it a key infrastructure to guarantee supply. The storage facility is currently under development and its capacity will be increased gradually as the necessary cushion gas is injected to ensure the correct increase in capacity. This facility has a maximum injection rate of 10 M m^3(n)/day and maximum withdrawal rate of 15 M m^3(n)/day. Its useful capacity is 1,050 M m^3(n) and its cushion gas is 950 M m^3(n).

As of 31 December 2019, the Group has entered into contractual arrangements with commercial companies for approximately 78% of its underground storage capacity. Of this percentage, 100% are short term contracts (taking annual, quarterly and monthly contracts as short term). Pursuant to the current law, a minimum percentage of the contractual arrangements that the Group enters into with respect to its underground storage capacity must relate to short term contracts in order to encourage free competition.

As of 31 December 2019, the capacity used at the Group's storage facilities in Spain was 95%. Commercial companies will enter into contracts for underground storage based on their maximum demand (forecast); consequently, if this maximum demand is not achieved, there will be unused capacity.

The following table sets out the underground storage inventories in Spain as of 31 December 2018 and 2019:

	As at 31 December	
	2018	**2019**
	(GWh)	
Total Inventories	52,706	53,053
Injection	6,897	12,975
Extraction	6,260	4,999

Regulated Activities (Technical System Management)

The Group, as Technical System Manager ("**TSM**") of the Spanish gas system since 2000, is responsible for the technical management of the primary and secondary gas transmission network in Spain and for the proper coordination between access points, storage facilities, and transmission and distribution networks in the country. In 2011, a new provision was approved in the Hydrocarbons Sector Act that established the requirement that the Group segregate the functions of TSM and gas transmission into two newly created subsidiaries. In order to comply with this regulation, in July 2012, the Group created Enagás GTS, S.A.U. and Enagás Transporte, S.A.U. respectively.

The TSM oversees the gas cycle from access into the Spanish network up to its exit point. The process of contracting capacity for a regulated service is carried out through the TSM's *Single Contracting Platform* in accordance with RD 984/2015 of 30 October, which regulates the organised gas market and third-party access to the country's gas system facilities. Through the Single Contracting Platform, shippers enter into a framework contract with the TSM in which they provide all relevant information about entry and exit points, gas volume and technical specifications such as pressure and gas quality.

International contracting is carried out through different auctions of capacity of the different products offered. These capacity products are the only ones that are not traded on the Single Contracting Platform. The auction is carried out on the PRISMA platform in a coordinated manner by the operators of the interconnection points and is supervised by the CNMC in coordination with the regulators of the adjacent countries. The capacity is offered in a single virtual connection point with France (VIP Pirineos) and with Portugal (VIP Ibérico). Companies authorised to market natural gas on both sides of the interconnection point may participate, as well as direct consumers in the market with access rights.

The TSM has advanced technological systems that allow it to analyse the quality, pressure, temperature and volume of the natural gas transported by the Spanish gas system. These technical controls built in the system govern and control compliance with the relevant technical and quality specifications, shutting down gas determined to be non-compliant. Natural gas pumped into the Spanish gas system must comply with quality standards established by the Technical System Management Regulations and the Detailed Protocol PD-01. To this end, the Group uses turbine flow meters and ultrasound measurement systems. Compliance of LNG loaded or offloaded from methane tankers is determined according to procedures accepted and recognised by the parties. Systems to measure levels, temperature and pressure on the tankers are used, while the quality of the LNG is determined using gas chromatography, where the gas has previously been vaporised.

The TSM coordinates, plans and executes the routing of all the gas that enters the Spanish gas system through the trunk network of pipelines (including the activation of compressor stations, control valves and other control elements) to reach the relevant end-customers, regasification plants, underground storage facilities and local distribution networks, which in Spain are operated by Nedgia, Redexis Gas, Gas Extremadura, Madrileña Redgas and Nortegas.

The gas system requires users of the system (gas shippers) to balance supply into and demand from the network so that the sum of gas inputs and gas outputs are equal to zero at the end of each balancing period (e.g. on a daily basis). For every balancing period, natural gas market participants are required to balance their quantities of natural gas incoming into the gas transmission system with the quantity taken out of the gas transmission system. If this balance is not expected to be achieved on any given day, then the TSM will enter the market and undertake trades to seek to resolve any imbalance on the system. The under or over delivered gas is therefore deemed to have been bought or sold by the TSM for use in the system. The revenues or costs incurred by actioning these trades are met by the system users and apportioned based on the users throughput. Any imbalance amounts exceeding allowed tolerance limits are subject to the payment of an imbalance payment.

The TSM is responsible for producing reports for the CNMC and the applicable European regulator about the Spanish gas system, including its infrastructure, gas balances, use and performance. Based on this information, the Ministry of Energy evaluates the state of the existing infrastructure and the need for new additions in function of projected gas demand. Spain's transmission system's expansion was directed by the "mandatory planning" approved by the government for the period 2008-2016 with the assistance of the TSM. The plan mandated the construction of key infrastructure during this period, including pipelines, underground storage facilities and LNG terminals, but has not been updated for the period subsequent to 2016.

As the TSM, the Group organises and heads the Gas System Monitoring Committee (the body responsible for the operational monitoring of Spain's Gas System and coordination among the different agents involved). The Committee meets every two months and its meetings are attended by representatives of all agents in the system, Agents of the Electric System Operator can also attend depending on the matters to be discussed. In this Committee, national and international regulation updates and changes are discussed and reviewed.

Non-regulated Activities

The Group has an international presence in countries across Europe and Latin America and continuously monitors potential investments in international projects, particularly those that contribute to strengthen the security of energy supply in emerging countries with stable regulatory frameworks.

Peru

Peru’s Ministry of Energy and Mines (*Ministerio de Energía y Minas de la República del Peru*) is in charge of defining governmental policies for the development of hydrocarbon activities, from exploration and exploitation to the transportation and distribution thereof. In addition, the Congress of the Republic of Peru is authorised to legislate on issues directly or indirectly related to the natural gas sector. Peru’s Supervisory Body of Energy and Mining Investment (*Organismo Supervisor de la Inversión en Energía y Minería*) is the entity in charge of supervising and imposing sanctions regarding the obligations related to the natural gas industry and the Environmental Evaluation and Fiscalization Agency, or OEFA, is in charge of overseeing compliance with environmental standards and impact studies as well as imposing sanctions in case of non-compliance.

The general regulations for hydrocarbon-related activities in Peru are established by the Organic Hydrocarbons Law, approved by Supreme Decree No. 042-2005-EM, which states that the government promotes the development of hydrocarbon activities on the basis of free competition and access to these activities. The Organic Hydrocarbons Law contains regulations on hydrocarbon exploration and exploitation activities, transportation by pipelines, storage, refinement, processing, distribution and commercialisation. This Law also includes general regulations on the free trade of hydrocarbons, natural gas distribution, rights of use, easement and expropriation, environmental protection, labour regime, among others.

Specifically, regarding the activities of natural gas transportation by pipelines, the Organic Hydrocarbons Law provides that any individual or legal entity can construct, operate and maintain pipelines for the transportation

of natural gas, in accordance with a concession agreement executed under the scope of the Regulations governing the transportation of natural gas through pipelines.

Transportadora de Gas del Perú, S.A. (TgP)

The Group has a 28.94% stake in TgP, in conjunction with Sonatrach, CPPIB and Tecgas, which transports most of Peru's natural gas and condensates. TgP has a 729 km gas pipeline with a capacity of 1,540 MMCF/d and a 557 km polyduct with 130,000 bbl/d capacity which connect the Camisea gas fields in the jungle of Cusco with the industrial hubs of Lima and Pisco and the Melchorita liquefaction plant. The compression plant KP127 began operation in April 2016, thus increasing the volume of its immediate local market from 655 MMCF/d to 920 MMCF/d. Customers of TgP include some of the largest power generation, natural gas distribution and industrial companies in Peru, including PLNG, the first LNG producer in Latin America.

Compañía Operadora de Gas (COGA)

The Group increased its interest in COGA to 51% in 2017. COGA operates and maintains TgP's and PLNG's transmission systems. As a result of this acquisition, the Group is now one of the main shareholders of Peru's gas transmission system and an active operator in the country.

Chile

The Chilean Ministry of Energy and the National Energy Commission (*Comisión Nacional de Energía*) are the principal governmental agencies responsible for the policies and regulations applicable to the gas sector in Chile. The Chilean Electricity and Fuels Commission (*Superintendencia de Electricidad y Combustibles*) (the "**CEFC**") supervises compliance with such regulations and the Ministry of Environment, the Environmental Assessment Service and the Superintendence of Environment are responsible for environmental matters.

The Decree with Force of Law ("**DFL**") No. 323, of 1931, as amended, regulates the transport and distribution of, and concessions, tariffs, and government functions related to, the domestic gas network. The DFL also regulates certain matters relating to gas transportation concessions, granting concessionaires the right to use national assets such as roads and rivers, and also the right to impose easements over private property for the construction of the pipeline and related facilities.

The DFL No. 1, of 1979, issued by the Ministry of Mining, as amended, provides that the CEFC shall register all entities who produce, import, refine, distribute, transport, store, supply or market oil, oil products, liquid biofuels, liquefied gases and any gaseous fuel such as natural gas, network gas and biogas in a public register. According to Supreme Decree No. 67 of the Ministry of Energy, LNG facilities must comply with certain requirements in order to design, build, operate and discontinue use of an LNG facility including certain technical standards for the design and construction of an LNG facility, making reference to the NFPA 59A-2006 Standard for the Production, Storage and Handling of Liquefied Natural Gas.

GNL Quintero

In 2012, the Group acquired 20% of the regasification plant of GNL Quintero, S.A., ("**GNL**") located in Chile. GNL Quintero receives, unloads, stores and regasifies LNG at Quintero Bay, which is located 160 km northwest of Santiago. At the time of starting operations in 2009, GNL was the first LNG import terminal in the southern hemisphere. Today, GNL is the largest LNG regasification terminal in Chile, supplying the majority of Chile's natural gas consumption. The terminal has four vaporisers (one as backup) with emission capacity of 625,000 m^3(n)/h (or 15 million m^3 of natural gas per day), storage capacity of 334,000 m^3 of LNG in three tanks and a berth for ships up to 265,000 m^3 of LNG. It also operates a truck loading facility with the capacity to load 2,500 m^3 of LNG, equivalent to approximately 50 trucks per day, to serve customers that are not connected by pipeline.

Because this capacity is based on long-term agreements with reliable counterparties, management believes that this asset will yield predictable and stable cash flows and is thus a highly strategic asset for Chile's energy sector.

GNL sells 100% of its terminal capacity to GNL Chile under the Terminal Use Agreement, the initial term of which expires on 31 December 2030, but was later extended to 2035. GNL Chile, in turn, sells the gas to ENAP, a subsidiary of Empresa Nacional del Petróleo, the Chilean state-owned oil company; Endesa Chile, the largest electricity generation company in Chile; and Agesa, the largest gas distribution company in Chile, which serves the Santiago Metropolitan Region and Region VI.

The group's ownership stake in GNL Quintero was 60.4% as at 31 December 2016. In April 2017, the Group decreased its ownership stake from 60.4% to 45.4% through (i) the sale of a 34.6% holding of Enagás Chile in GNL to OMERS Infrastructures Holdings II SpA; and (ii) the subsequent acquisition of an indirect 19.6% stake in GNL through the purchase by Enagás Chile of a 49% stake in Terminal de Valparaíso, S.A. ("**TDV**") from Oman Oil Company (TDV has now become a wholly owned subsidiary of Enagás Chile).

The group's ownership stake in GNL Quintero was 45.4% as at 31 December 2019 through its wholly owned subsidiary Enagas Chile and Terminal de Valparaíso, S.A. Subsequently, Enagás now has joint control over GNL Quintero and its stake is consolidated using the equity method.

Mexico

Article 27 of the Mexican Constitution sets forth the general principles that regulate activities involving oil, natural gas and other hydrocarbons in Mexico. Historically, Article 27 prohibited the Mexican government from entering into agreements or granting concessions with respect to hydrocarbon activities and specified that certain activities involving oil and other hydrocarbons were exclusively reserved for the Mexican government under a vertical integration system. In December 2013, certain provisions of the Mexican Constitution related to the hydrocarbon sector were amended, and the legal framework applicable to, among others, the upstream and midstream sectors was modified in August 2014 and October 2014 with the promulgation of new laws and the enactment of implementing regulations, allowing the Mexican government to grant contracts to private-sector entities in the upstream sector through public tenders.

The Mexican Hydrocarbons Law allows private-sector entities holding a permit granted by the Mexican Energy Regulatory Commission to store, transport, distribute, commercialise and carry out direct sales of hydrocarbons, as well as to own and operate pipelines and liquefaction, regasification, compression and decompression stations or terminals, and related equipment in accordance with technical and other regulations. In addition, private-sector entities may import or export hydrocarbons subject to a permit from the Mexican Ministry of Energy.

Morelos Gas Pipeline

The Group was a 50% shareholder in the consortium with Elecnor that developed and built the Morelos gas pipeline that is now in operation to service Mexico's Federal Electricity Commission's combined cycle plant. This 171 km with a capacity of 337 MMCF/d (9,5371 MM m^3/d) carries natural gas from the Mexican state of Tlaxcala to Morelos in central Mexico, servicing three states and transporting around 5% of the natural gas in Mexico. According to the Mexican ministry of energy, central Mexico is the area with the highest gas demand in the country.

Soto La Marina Compression Station

The Group was a 50% shareholder in the consortium with Fermaca that developed and built the Soto La Marina compression station in Tamaulipas state (Mexico). This facility has a maximum capacity of 1,846 m^3/day, provides natural gas compression capacity of up to 19 bcm (billion cubic metres), and interconnects with the San Fernando-Cempoala gas pipeline to boost transmission capacity in the country.

TLA Altamira

In the third quarter of 2011 the Group acquired, through Enagás Altamira, 40% of the regasification plant of Terminal LNG Altamira ("**TLA**") located in the port of Altamira on the Atlantic coast of Mexico. TLA has an emission capacity of 855,000 m^3 (n)/h and a storage capacity of 300,000 m^3 of LNG in two 150,000 m^3 storage tanks and docking facilities for methane tankers which can hold up to 217,000 m^3 of LNG. The Dutch company Vopak acquired the remaining 60% of the terminal. TLA allows for the import of LNG to Mexico and its subsequent distribution to the domestic market. TLA is considered key to Mexico's security of supply as highlighted in the country's Natural Gas Storage Policy published in March 2018. Its operating permit expires in 2033, but is subject to renewal every 15 years. TLA's principal customer is Iberdrola's Central Térmica Altamira V (1200 MW) TLA to which it is directly connected.

Italy, Greece, Albania

Trans Adriatic Pipeline (TAP)

The Group acquired a 16% stake in this project in 2014. TAP is part of the Southern Gas Corridor (SGC), designed to supply Europe with natural gas from the Caspian Sea, diversifying the EU's gas supply sources and helping guarantee the EU's energy security. The SGC is a large construction project that crosses seven countries and involves more than a dozen major energy companies. It is comprised of several separate energy projects. These projects include (i) the Shah Deniz 2 development, drilling wells and producing gas offshore in the Caspian Sea, (ii) the expansion of the natural gas processing plant at the Sanggachal Terminal on the Caspian Sea coast in Azerbaijan, (iii) three pipeline projects with a total length of approximately 3,500 km with a total capacity of bcm/year including the Soutch Caucasus Pipeline, the Trans Anatolian Pipeline and the Trans Adriatic Pipeline, (iv) the expansion of the Italian gas transmission network, and (v) possibilities for further connection to gas networks in South Eastern Central and Western Europe.

TAP's pipeline starts on the border of Turkey and Greece, crosses Greece, Albania and the Adriatic Sea and ends in Italy. The project involves the construction of an 878 km pipeline (including the associated compressor stations): 550 km through Greece, 215 km through Albania, 8 km through Italy and 105 km offshore under the Adriatic Sea. The pipeline will have an initial capacity of 10 bcm/year.

Construction began in 2016 and the current timetable contemplates completion in 2019. In line with the timetable of the Shah Deniz field in the Caspian Sea, first gas deliveries of gas to TAP in Europe are scheduled for approximately 2020. Host Government Agreements have been signed with Greece and Albania along with an Intergovernmental Agreement by which Greece, Albania, Italy and Switzerland undertake to take measures to facilitate the process. The Gas Transportation Agreement Activation Agreement signed in 2013 establishes the mechanisms by which capacity allocated to TAP will be transferred to gas buyers and is supplemented by the Gas Transportation Agreement and the General Terms and Conditions for the transportation of gas.

Greece

In April 2018, Snam, S.p.A., Fluxys and Enagás, through their consortium (in which Enagás currently holds 18%) were awarded a contract for the acquisition of a 66% stake in DESFA, the operator of the Greek national natural gas system (NNGS). On 13 January 2020, DAMCO ENERGY S.A., a Copelouzos Group company, acquired a 10% stake in the referred consortium and, following that acquisition, the shareholding structure of the consortium is composed as follows: Snam, S.p.A. holds a 54% stake, Fluxys holds a 18% stake, Enagás holds another 18% stake and DAMCO ENERGY S.A. holds a 10% stake. Through its gas pipelines, DESFA connects -Asia, Africa and Europe. DESFA manages, under a regulated regime, a high-pressure transport network of approximately 1,500 km, as well as a regasification terminal at Revithoussa. The main transmission pipeline of NNGS is approximately 512 km with design pressure of 70 bar and extends from the Greek-Bulgarian border at Promakhonas to Attica; further transmission branches of approximately 952 km extend to and supply different regions. The NNGS has three entry points with the following daily capacity: (i) Sidirokastro

with 10.8 mcm (Russian gas) (ii) Kipi with 4.3 mcm (Russian gas and, once TAP is commissioned, Azeri gas) and (iii) Ag.Triada (LNG) with 19.2 mcm. The LNG terminal in Revythousa has a maximum regasification capacity of approximately 7.0 bcm/year.

DESFA is a certified TSO, Independent Transmission Operator (ITO) and following the consummation of the transaction, DESFA will operate under the Ownership Unbundling (OU) model.

Recent Developments

Covid-19 Pandemic

Since December 2019, a new coronavirus strain ("**Covid-19**") has progressively spread from China to other countries, mainly in Europe (including Spain), the United States and the Middle East, amongst others, generating sharp declines in securities markets, a slowdown in activity at the global level, and high uncertainty in relation to its possible medium- and long-term impact on local and global economic activity.

Enagás has undertaken an evaluation of the potential impact of the Covid-19 pandemic on the Group's activities and prospects. Based on the information available to Enagás at the date of this Prospectus, management has concluded that the Covid-19 pandemic is not likely to have a materially adverse impact on the Group.

In particular, management of Enagás has considered the Group's exposure in terms of strategic and business risks, operational risks, financial and tax risks and reputational risks:

- **Strategic and business risks**: in terms of the Group's Spanish business, management has identified two main risks. The first is a fall in revenue due to lower RCS as a result of a reduction in demand for natural gas. The second relates to delays in the receipt by Enagás of monthly net payments from the Spanish gas system.

  In terms of the Group's international business, management has, among other risks, considered the potential impact on the cost of strategic investments, including the potential renegotiation of existing contracts. In addition, there could be a delay to the commercial operational date for natural gas deliveries through the natural gas transmission system under development, as well as increases in the cost to implement that project, due to supply problems, closed borders and the infection of key personnel by Covid-19.

  Other risks identified by management include delays in regulatory approvals as a result of work stoppages by administrative authorities and loss of income due to commercial risks.

  However, management of the Group considers that the probability that any of the foregoing situations will arise is low or very low. Even if they did arise, management believes that their overall impact on the Group should not be material due mainly to contingency planning by the Group and the Group's strong liquidity position (including ready access to lines of financing).

- **Operational risks**: although the Group faces a number of threats as a result of the Covid-19 pandemic, including contractual breaches by suppliers, delays in the disbursement of subsidies for research and development activities and the increased threat of cyberattacks, the main threat is the lack of availability of key personnel that has as a consequence the interruption of the natural gas supply. Key personnel are necessary to complete the installation and maintenance of facilities, operate plants and equipment and manage the dispatch centre. However, management believes that the risk that the threat will materialise is low. Even if one or more of these threats does materialise, management believes that the adoption of planned emergency measures by the Group, the diversity of the Group's natural gas supply network and the reduced industrial demand for natural gas as a result of the State of Emergency in Spain, among other factors, all contribute to ensuring that the impact on the Group would be low.

- **Financial and tax risks**: there is a possibility that the Group may become subject to increased corporate taxes in Spain as a result of the Spanish government's funding needs following the implementation of various economic stimulus programs. However, management believes that the Group's sound financial condition at the date of this Prospectus should enable it to withstand an increased fiscal burden, in the event that such circumstance arises.

- **Reputational risks**: to the extent that containment measures oblige key personnel to remain at home and plants to slow or cease operations, this could ultimately result in an interruption of the natural gas supply to end-users, which in turn could lead to a general negative perception of energy companies by the public. Management believes that the risk of reputational damage under the circumstances is low. However, management has intensified transparency measures (including through social media, political parties and governmental organisations) intended to ensure that necessary information is circulated as broadly and as quickly as possible.

Enagás does expect that there could be some impact across the Group, including the ability to guarantee the continued supply of natural gas, the security and safety of Group personnel as well as pressure on the financial condition of the Group. However, based on Enagás' internal risk models, the management of the Group believes that even in a worst-case scenario the overall risk to the Group from the Covid-19 pandemic is low. Nevertheless, the Group has implemented contingency plans specifically designed to ensure the health and safety of its employees as well as the continued supply of natural gas throughout the duration of the Covid-19 pandemic and minimise any impact on the financial condition of the Group.

Research and Development Projects

During the financial year ending 31 December 2019, the Group's main activities in the field of technological innovation have been focused on improving various aspects of its present activities as well as analysing and deepening its knowledge of other possible technologies which may in the future be supported by the Group as well as increase the value of its infrastructures and/or the know-how of the Group. First, the Group has focused on efficiency in a broad sense covering areas such as gas measurement and analysis of its components, operational safety and the materials and equipment necessary for their activity. Second, the Group is focusing on technological innovations related to the production and transportation of biogas and hydrogen and on the hypothetical future development of the infrastructure needed to deploy CTS (Capture, Transport and Storage CO2) technologies.

Emprende

The Group launched Enagas Emprende in 2017, a company to promote and develop the Corporate Entrepreneurship and Open Innovation Programme, through which the company supports business ideas and projects with the aim of diversifying the Group's business portfolio by generating new business models and incorporating new capabilities in line with the company's strategy.

The programme searches inside and outside the company for projects related to the business in order to grow them and make them into viable companies. It is thus structured in the following phases:

- **Entrepreneurship**: the company's professionals have a channel, Ingenia Business, for the submission of their business ideas.

- **Open Innovation**: The Group scouts innovative projects and start-ups and invites external entrepreneurs to present entrepreneurship projects to Enagas.

- **Enagás Fab**: The Group offers an innovative space at its central headquarters where projects arising from the programme are incubated and accelerated.

The support provided by Enagas Emprende has led to four projects becoming start-ups:

- *Vira – Gas Imaging*: company founded in conjunction with the Carlos III University of Madrid and focused on the detection of gas through its infrared cameras and other customised solutions.
- *E4efficiency*: company focused on the development of activities around energy efficiency in LNG terminals.
- *Scale Gas*: company dedicated to the design, development and management of gas infrastructure and logistics solutions.
- *Gas2Move*: company focused on promoting demand for vehicular gas as an alternative fuel in transportation.
- *Sercomgas*: Services for gas shippers offering support for daily operations. Providing services for the entire process, ranging from obtaining a licence number to ship gas in Spain, to back office services, reporting to official entities and training on the gas system.
- *SEA*: A start-up that manages gas measuring processes at any part of the gas infrastructure, based on latest-generation artificial intelligence algorithms (Data Analytics and Machine Learning).
- *BioEngas*: A start-up which promotes biomethane production projects at the most competitive rate, covering the entire biogas value chain.
- *DualMetha*/*Helio Pro Premery*: French company which has developed new technology to manufacture biogas plants based on a new waste treatment model that combines both liquid and solid anaerobic digestion.
- *HYGEN*: CNG vehicle refueling innovative systems using a disruptive liquid piston compression system.
- *SEaB*: UK-based company whose core activity is to generate biogas from waste produced in huge buildings, using modular isocontainers.

Efficiency

The Group is focused on research and development into both energy efficiency and technical efficiency.

Technological innovation

Technological innovation at Enagás is focused on two areas:

Improving the different aspects of the company's present activities, such as energy efficiency and self-generation of energy, the measuring of gas and analysis of its components, operational safety, materials and equipment. The most important projects on which work has been done this year are the installation of a reactor for chlorine dioxide generation at the Barcelona plant and our efforts to measure fugitive methane emissions. The analysis and development of technology that, in the short and medium-term future, may add value to the company's own infrastructures and/or know-how, such as production, analysis, certification and transport of synthetic natural gas, biogas, biomethane and hydrogen. The following projects are featured in this area:

- Enagás and Repsol's joint project, 'SUN2HY', for the development of photoelectrochemical technology for hydrogen production.
- Design, construction and operation of biomethane upgrading plants for injection into the Enagás network or for vehicular use. This is a collaborative project with several waste-producing partners (Biogastur, Sacyr, Ferrovial, Ence, Emgrisa, etc.).

- The ‘Power to Green Hydrogen Mallorca’ project, a collaborative effort with the Government of the Balearic Islands, Acciona, CEMEX and Redexis, to develop a green hydrogen production plant in Mallorca that will supply clean energy to sustainable mobility vehicles for both public and private fleets.
- Demonstration of a hydrogen injection process in the gas network in Spain (Cartagena plant).

In 2019, our investment in technological innovation has grown to 3.2 million euros, more than 26% of which corresponds to projects related to renewable energy. This figure comprises the costs associated with the projects approved by the Investment Committee (amount entered as R&D expenses in the ‘Other operating expenses’ section of the Annual Accounts), procurement of R&D, personnel expenses and the purchase of equipment and instruments.

Real Property and Land

The Group's headquarters and principal offices are located at Paseo de los Olmos, 19, 28005 Madrid, Spain.

Information and Technology

Enagás has a cybersecurity policy approved by the Board of Directors, which is aimed at efficiently managing the security of information processed by the company’s IT systems, as well as the assets involved in these processes.

The Enagás information security management model is applicable to cybersecurity and is based on international and national regulations, in order to provide, through all means within its reach and in proportion to the threats detected, the resources required for the organisation to have an environment that is aligned with the established business and cybersecurity targets.

Additionally, as enhanced protection for the critical infrastructures operated by Enagás, a General Policy on the Integrated Security of Strategic Infrastructures has been defined in which the processes of physical and logical security have been combined for compliance with the Law governing the Protection of Critical Infrastructure (LPIC).

During 2019, several projects have been put in place to improve the protection of industrial control systems as well as their resilience within the framework of the Cybersecurity Master Plan. External cybersecurity audits have been conducted on corporate information systems and industrial control systems, with satisfactory results in terms of the level of cybersecurity found.

Enagás has been deploying its cybersecurity awareness and training strategy, reaching all staff and carrying out a number of face-to-face and online activities intended to improve employee ability to detect and react to threats. Currently, Enagás has obtained ISO 27001:2013 certification for its logistics and commercial systems, gas pipeline control systems and industrial control systems for each type of infrastructure that it operates.

As in previous years, Enagás' IT systems were not subjected to any successful attacks in 2019.

Ethics & Integrity

Key aspects that are covered by the Group's ethics and integrity model are the frameworks of policy, procedures and applicable regulations, including the Code of Ethics, and the implementation of Compliance and Crime Prevention Models, and their dissemination. In the past three years, more than 90% of our employees have received training in the ethics and crime procedure model in use in Spain as well as in anti-corruption policies and procedures.

The company enables employees and the company's suppliers, contractors and those who collaborate with it or act on its behalf, including business partners, to resolve any doubts or to report any irregularities or breaches. The Group reports on the communications received every year. The Group has also implemented a Crime

Prevention Model and has specified its Anti-Fraud, Corruption and Bribery Policy and Fiscal Responsibility Policy to demonstrate its commitments in these areas.

Environmental Management

Environmental management is a key area of focus for the Group.

Enagás studies the environmental impact of all its construction, operation and maintenance activities by means of environmental assessments. Further, for infrastructure construction projects environmental impact studies are carried out, based on their type and on applicable regulations, which include both impact and the measures taken to mitigate their impact, while also establishing stakeholder consultation procedures. The most relevant environmental consideration for Enagás is gas emissions, particularly greenhouse gases. Other environmental aspects are, in order of relevance: waste generation, seawater withdrawal, impact on biodiversity, water consumption and noise pollution. For each of these aspects Enagás' impact is considered as well as the main actions Enagás carries out to prevent and reduce this.

Enagás undertakes its environmental commitments (as outlined in the Safety and Health, Environment and Quality Policy) via its Environmental Management System. 100% of Enagás' activity is ISO 14001 certified. Furthermore, the Serrablo and Yela storage facilities and the Huelva and Barcelona regasification plants are EMAS certified.

Enagás analyses the dependencies and impacts on natural capital, at both corporate and facility level, with the aim of identifying actions that will enable us to move towards a positive net impact.

At corporate level, energy consumption (natural gas and electricity) is key to carrying out our activities. With regard to energy consumption, in 2019 Enagás, within the framework of its ISO 50001-certified energy management system, analysed the most significant energy consumption in terms of facilities and equipment, as well as their dependence on the main variables, enabling us to establish and prioritise the energy efficiency initiatives with the greatest impact.

Environmental impacts are analysed through environmental assessments in the case of construction, operation and maintenance activities. What is more, for infrastructure construction projects, and based on their type and on applicable regulations, environmental impact studies are carried out which include both the impacts themselves and the measures taken to mitigate them, while also establishing stakeholder consultation procedures.

For each of these aspects, ordered by relevance, their origin is shown as well as the main actions Enagás carries out to prevent and reduce them.

In addition, Enagás conducts other analyses and studies, such as assessments of environmental risks associated with accidental scenarios. All of this enables us to identify the natural capital assets in which we have the greatest impact at facility level and to therefore prioritise environmental actions based on them. As a result of the environmental risk assessments associated with accidental scenarios and their economic quantification (Law 26/2007), it has only been obligatory to provide a financial guarantee at the El Musel plant (scenario of oil spillage into surface waters) and the underground storage facilities at Serrablo and Yela (the main risk scenario is fire affecting wild species and habitats). In certain cases, a more detailed assessment is conducted to analyse the ecosystem services of the environment. This was the case for the Landscape Integration Study that was carried out prior to the construction of the Euskadour Compressor Station and which resulted in the identification of revegetation and recovery measures for soils, vegetation and water courses, with more than 900 species planted.

Environmental monitoring is carried out through environmental audits, environmental surveillance programmes, assessments of legal compliance at all facilities and monitoring of environmental indicators and

improvement plans. In 2019, environmental monitoring was performed on 124 km of gas pipeline and 52 environmental audits were conducted at facilities.

Enagás has signed the Circular Economy Agreement and has made the following commitments, which it is already working on:

(1) Promotion of a responsible consumption model that includes the use of sustainable products and services and lower use of non-renewable natural resources.

Energy efficiency: Enagás' energy efficiency and emissions reduction plan includes measures aimed at reducing the consumption of natural gas and electricity as well as the self-generation of energy.

Use of cooling: Enagás has implemented a project to make use of the cooling properties of LNG in the Huelva regasification plant. Through this project the residual cooling resulting from the plant's regasification process is transferred to refrigeration facilities. Therefore, a freezing service for sustainable products is provided, with an energy saving of over 50% in energy costs and a 90% reduction in carbon footprint.

(2) Promoting guidelines to increase process innovation and efficiency.

Renewable gases: Enagás is promoting the development of non-electric renewable energies, like biogas/biomethane and hydrogen, as well as the development of new services and uses for natural gas, as these are key new energy solutions in the energy transition process. The use of biogas/biomethane fosters the development of a circular economy, as it involves properly recovering solid waste from cities, wastewater, and waste from animal agriculture, farming and forestry. In Spain there is already a waste treatment centre at Valdemingómez (Madrid) which is connected to Enagás' pipeline network and Enagás is working on new projects along the same line. Renewable hydrogen is positioning itself as a new, comprehensive energy vector, given that it can be used to store surplus electrical energy from renewable sources, can be transformed into different forms of energy (electricity, synthetic gas and heat) and can be used in multiple applications. Enagás is promoting different initiatives to make the use and application of renewable hydrogen a reality.

(3) Empowering the principle of waste hierarchy, preventing its generation, promoting reuse and recycling and promoting waste traceability.

Recycling and re-use of waste: Waste generated by Enagás is managed by an authorised waste management company. Enagás requires that this waste management company re-uses or recycles at least 95% of the total waste it manages; this requirement is stipulated in the contract and non-compliance would result in a penalty. Furthermore, Enagás has an agreement with the association *'Otro Tiempo'* that promotes the recycling of coffee capsules at Enagás' headquarters, while also providing work for women at risk of social exclusion.

Re-use: Every year, Enagás donates IT equipment and mobile devices that are no longer in use.

(4) Promoting analysis of the product life cycles (incorporating eco-design criteria, making repair possible and prolonging service life).

Eco-design: Enagás has started applying eco-design criteria to its construction works, such as those carried out in Gaviota underground storage facility, which were certified under eco-design regulation (ISO 14006:2011).

Extending useful life: The Company extends the useful life of oils and lubricants used in the equipment of its facilities by cleaning and filtering these products.

(5) Raising awareness on the importance of moving towards a circular economy.

Training: Enagás has started introducing the concept of circular economy in environmental training courses.

Awareness: Enagás is working on a campaign for contractors and professionals about separating and managing waste.

Biodiversity protection

During the development of infrastructures, the Group carries out activities aimed at protecting and preserving flora and fauna, thereby mitigating any impact on biodiversity. Such activities start with on-site reconnaissance before any work commences in order to check for the presence or absence of species along the route. In addition, after construction, Enagás returns the affected areas to their original state by reforesting the entire area.

In 2019, a construction project was carried out using the corridors of other existing infrastructures. Existing access points to the work area were also used, thus reducing the negative environmental impact on surrounding soil and water sources.

Water management

The Group withdraws seawater for use in floodwater and seawater evaporators at LNG terminals: (Barcelona Plant, Cartagena Plant, Huelva Plant and GNL Plant). Its process is designed to ensure withdrawn water is returned to its source in the same condition it was in when withdrawn, with the exception of a minimal temperature decrease that does not affect the marine ecosystem. The volume of water taken is directly proportional to the quantity of gas regasified.

The reduction in the amount of water withdrawn from other sources is the result of consumption reduction measures implemented in previous years, as well as regular publicity and awareness campaigns on this issue.

Additionally, Enagás discharges wastewater which is similar to household wastewater. In 2019, 15,849 m3 of water was discharged into the public mains and 8,937 m3 of water into septic tanks or the sea. In 2019, 48,243 m3 of water was used mainly for sanitation, irrigation and firefighting equipment, the latter representing only 0.02% of withdrawn water. The company therefore has various measures aimed at reducing water consumption such as better techniques for irrigation and consumption of grey water.

Spillage and waste control

The Group has taken preventive measures including dual-wall underground tanks, which are inspected regularly to ensure that they are watertight, and the placement of containment troughs and trays. Enagás has implemented a system of segregation, management, storage and delivery to authorised managers of hazardous and non-hazardous waste. Enagás mainly generates waste through facility and equipment maintenance (activities that mainly depend on externalities, which accounts for the variability of the level of waste generated in 2019 compared to the previous year). The company aims to recycle, recover and re-use this waste where possible. The target of treating (recycling/re-using) 90% of hazardous and non-hazardous waste has been established in the contract with the waste management company in Spain. The increase in the generation of non-hazardous waste in 2019 is due to an incident that occurred at the regasification plant in Barcelona. This facility usually discharges its grey water into the municipal network of the Port of Barcelona. However, in 2019, it had to manage its water as sludge through a manager, as it was found that the sulphides and nitrogen values had been exceeded in the discharge.

Atmospheric pollution

The main non-GHG emissions at our facilities are CO, SOx and NOx. These emissions are produced by the consumption of natural gas by the different equipment. The energy efficiency measures and the objectives of reducing CO2 emissions are directly related to the reduction in these atmospheric emissions.

Enagás carries out regulatory and voluntary atmospheric checks (self-checks) at all its combustion sites. The control actions are as follows:

- Initial regulatory inspection (conducted by an authorised inspection organisation (AIO)).

- Annual TESTO check (carried out with their own resources (Analysing team and Enagás employees)).

- Periodic regulatory inspections.

Both the regulatory inspections and the internal TESTO checks are planned annually for every facility as part of the 'Atmospheric Monitoring Programme'.

Noise at Enagás' facilities is produced by the operation of regulators, turbines, vaporisers and pumps. Every facility carries out regular environmental noise measurements around its perimeter, in line with the limits set out in municipal by-laws or legislation that is in force. Enagás conducts annual noise measurement campaigns at its facilities in order to minimise noise pollution. In 2019, a total of 132 noise measurements were conducted at two regasification plants, at three compressor stations and at 127 sites. During 2019, actions were taken to minimise noise levels by installing silencers at six regulation and metering stations.

In certain facilities where legal requirements apply, light pollution is a material aspect. Over the last few years, Enagás has been working on implementing the necessary measures to reduce night-time lighting in its compressor stations.

Climate change

Improved energy efficiency and lower greenhouse gas emissions are major factors in reinforcing the vital role that natural gas will play in a low carbon economy as a key element for achieving sustainable, safe and efficient energy.

The most relevant aspects that we address in our climate change management model are public commitment and the setting of objectives, emissions reduction and compensation measures, as well as reporting on our performance and results, following the recommendations made by the Task Force on Climate-related Financial Disclosures.

Enagás' carbon footprint is ISO 14064 certified, recorded in the Spanish Ministry for Ecological Transition's Carbon Footprint Record with the 'Calculation, reduction and offset' seal. Despite the sharp increase in the level of activity, Enagás has maintained its emissions at the previous year's level as a result of greater energy efficiency. Domestic demand has increased by 14% while our Scope 1 and 2 emissions have increased by only 1.8%.

In this regard, the highest level of activity has been in underground storage due to the high level of contracting (94.19%), which has translated into a high increase in net injection (+89.84%).

Approximately 77.6% of the Enagás carbon footprint (Scopes 1 and 2) corresponds to emissions of CO2, mainly produced during the combustion of natural gas in stationary sources, i.e. turbocompressors, boilers, flares, etc. Emissions of CH4, which account for approximately 22.2% of this footprint (Scopes 1 and 2), are mainly due to fugitive emissions (15.3%) and natural gas venting (6.9%). Venting may occur as a result of operation and maintenance, operating safety, pneumatic valves and analysis equipment (chromatographs, etc.) 57% of total footprint emissions (Scopes 1 and 2) are generated by the self-consumption of natural gas in turbo-compressors in compressor stations and underground storage facilities.

55.6% of emissions included in the Carbon Footprint (Scopes 1 and 2) are included in the EU Emissions Trading System (EU ETS). In 2019, 50,017 tCO2 were received through free allocation and 70,000 tCO2 were purchased to cover the period's emission rights needs.

97% of our Scope 3 issues are concentrated in the category of investments (91%) and purchase of goods and services (6.2%). The investment category includes the Scope 1 and 2 emissions of our affiliates, in which Enagás does not have financial control but which nevertheless have significant emissions considering the percentage of ownership. The category of purchase of goods and services includes emissions from the extraction, manufacture and transport of goods and services acquired through our suppliers as well as office paper consumption. Enagás promotes the reduction of its Scope 3 emissions by extending its emissions reduction commitments to its value chain, through the following actions in the most significant categories:

- Investments: in its affiliates, through Enagás' coordinators, it guarantees the alignment of actions with the Enagás strategy. Specifically, in the area of emissions, we work together to identify measures to reduce emissions. As an example, during 2019, Enagás worked together with the TLA Altamira regasification plant to prepare the methane footprint, identify and prioritise measures to reduce methane emissions and set a target and path for methane reduction.

- Purchase of Goods and Services: Enagás has several platforms for the approval and evaluation of its suppliers' performance. In this way, Enagás sends a specific questionnaire on greenhouse gases to its main suppliers. This questionnaire enables suppliers to be assessed on climate change issues and for areas of work to be identified to reduce their carbon footprint.

In line with our commitment to climate action, we are adhering to different international initiatives where climate action commitments and emission reduction targets are established:

- We Mean Business: we are committed to driving policies towards a low-carbon economy, setting a carbon price and reporting climate change information in corporate publications.

- Global Methane Alliance: we are committed to reducing methane emissions from our activity by 45% by 2025 and 60% by 2030 with respect to 2014 figures.

- Methane Guiding Principles: we have signed up to commitments on methane emissions reduction and transparency. Our commitment and actions have enabled us to reduce our carbon footprint by almost half in recent years. In the future we will continue to make progress in reducing emissions and therefore we are committed to defining targets in line with science (1.5ºC) and to achieving carbon neutrality by 2050.

To this end, we have defined an ambitious emissions reduction path, setting targets compared to 2018, which we will achieve through the specific measures outlined in our Energy Efficiency and Emissions Reduction Plan.

We also keep the link between our emissions reduction objectives and variable remuneration:

- Annual target management programme: since 2011 Enagás has been setting annual targets for energy consumption reduction and for self-generation of electrical energy from efficient, clean and renewable sources.

- Long-term Incentive Plan: from 2016 Enagás includes emissions reduction targets in its Long-term Incentive Plan.

Energy Efficiency and Emissions Reduction Plan

At Enagás, energy efficiency has a key role in emissions reduction and considerable efforts have been made in this regard. In recent years we have halved our CO2 emissions thanks to the implementation of energy efficiency measures, in which we have invested more than 64 million euros from 2008.

Avoided emissions include the accumulated emissions avoided as a result of the measures of the Energy Efficiency and Emissions Reduction Plan implemented from 2015 to 2019. These emissions were verified in the year of their implementation, with a total of 148,393 tCO2 verified in the period. During 2015-2019, the Energy Efficiency and Emissions Reduction Plan has enabled Enagás to avoid 558,175 tCO2e.

We are working to ensure the continuous improvement of the energy efficiency of our infrastructures. Therefore, in 2019 we have implemented and certified in accordance with the ISO 50001 standard an energy management system, which would bring about significant improvements in the measurement and reduction of energy consumption in facilities. The implementation of this system has made it possible to identify the most significant energy consumption at facilities and equipment levels, as well as the correlations between this consumption and the activity at each facility. This enables us to prioritise measures and monitor energy efficiency more precisely.

In 2019, the percentage of electricity with guarantees of origin out of total grid electricity consumption was 40% in facilities with the highest consumption. In 2019, self-generation of electricity from renewable, clean or efficient sources has increased by 61.3% compared to 2018, representing 17% (36.6GWh) of total electricity consumption. Part of the energy generated is delivered to the national grid and another part is consumed at Enagás' own facilities.

Insurance

In line with industry practice the Group maintains insurance which provides cover against a number of risks, including property damage, fire, flood and third-party liability arising in connection with the Group's operations.

The Group covers its operations and assets with insurance which it believes is consistent with that contracted by other companies in similar commercial operations with similar types of assets. This insurance includes:

1. property insurance covering the replacement cost of all owned real and personal property, including coverage for losses due to equipment breakdown, earthquake, fire, explosions and flood;
2. commercial general liability insurance covering liabilities to third parties for bodily injury, property damage and pollution arising out of our operations;
3. environmental liability insurance covering liabilities to third parties for bodily injury, property damage and pollution arising out of our operations;
4. corporate liability insurance including coverage for directors and officers and employment practices liabilities; and
5. automobile liability insurance covering liability to third parties for bodily injury and property damage arising out of the operation of all owned, hired and non-owned vehicles by our employees on company business.

All coverages are subject to industry accepted policy terms, conditions, limits, exclusions and deductibles comparable to those obtained by other energy companies with similar operations.

Employees

As of 31 December 2019, the Group had 1,320 employees.

Categories:	**2019**	
	Women	**Men**
Management	40	105
Technical personnel	224	475
Administrative personnel	89	13
Workers	17	357
Total	**370**	**950**

Labour relations

Enagás has a collective agreement, and the company also enters into collective negotiations and carries out regular consultations with authorised representatives of the employees regarding working conditions, remuneration, dispute resolution, internal relations and issues of mutual concern. In recent years, the Company has not experienced any significant labour disputes or unrests that have interrupted its business operations. Although the Group believes that it has hired and trained appropriate personnel to ensure continuous operations in the event of a strike or work stoppages, there can be no assurance that this is the case.

Health and Safety

The Integrated Health, Safety, Environment and Quality System of the Group is certified under OHSAS 18001 and has procedures and systems to seek to prevent injuries and illnesses caused by working conditions in addition to the protection and health promotion of the employees. In addition, this system includes the Road Traffic Safety Management System, certified in 2017 according to ISO39001. In this area, the company has Corporate directives in connection with Road Safety, a vehicle use protocol, as well as a Guide to Good Road Safety Practices.

Enagás promotes safety throughout its supply chain and requires OHSAS 18001 certification in occupational risks as part of its approval process for suppliers of certain families of products or services. Furthermore, in order to guarantee the coordination of business activities, the company has the Enagás Contractor Access System (SACE) to manage the safety of its suppliers, contractors and the whole subcontracting chain. This system offers contractors the operating safety procedures applicable to the risks involved in the works they perform. Enagás has various employee representative bodies where employees exercise their participation and consultation rights. Different committees comprise health and safety officers and management representatives. The Health and Safety Committees meet every three months, while the Group and Enagás Transporte, S.A.U., Intercentre Health and Safety Committees meet with a frequency set out in the collective bargaining agreement.

Regasification Plant - Puerto de El Musel (Gijón)

On 29 December 2008, the Directorate General for Energy Policy and Mining by resolution granted Enagás prior administrative authorisation for construction of the regasification plant for LNG in El Musel (Gijón), thereby nullifying administrative authorisation. The Green Party of Asturias filed an appeal against this resolution to the Madrid High Court, which successfully nullified the grant on 31 July 2013. A joint appeal of this decision by the Group and the central government was dismissed by the Supreme Court on 29 February 2016.

The Group understands that the Supreme Court ruling does not entail any changes to the technical or economic situation of the installation, as (i) the location and technical characteristics of the installation are perfectly in line with prevailing legislation in light of the replacement of the regulation relating to annoying, unhealthy, harmful or hazardous activities with Law 34/2007, of 15 November, on air quality and protection of the atmosphere and installation; and (ii) the installation has received the necessary commissioning certification for the sole purposes indicated in the Third Transitional Provision of Royal Decree Law 13/2012, and thus the remuneration recognised and received by the Company is justified on the basis of said Royal Decree and not the nullified authorisation.

The Ministry for Energy, Tourism, and Digital Agendas and the Superior Court of Justice of Madrid have both indicated that they consider the ruling of the Court executed in its entirety after the declaration of nullity of the authorisation of the regasification plant and its subsequent hibernation.

At 31 December 2019 and 2018 the carrying amount of said investment totalled €378,887,000. Likewise, during 2019 and 2018 and in accordance with Royal Decree-Law 13/2012, said regasification plant received both financial remuneration as well as remuneration for operating and maintenance costs in connection with the

actions carried out by the Company to maintain the plant ready for service. Both remunerations have been recognised annually by successive Ministerial Orders on remuneration and tolls and are also included in the recently approved Resolution of 18 December 2019 of the National Commission on Markets and Competition, which establishes the remuneration for 2020 of the companies that carry out the regulated activities of liquefied natural gas plants, transmission and distribution. In addition, Article 19 of Circular 9/2019 of 12 December of the National Commission for Markets and Competition, which establishes the methodology for determining the remuneration of natural gas transmission facilities and liquefied natural gas plants, continues to explicitly contemplate the remuneration methodology applicable to the El Musel plant for the 2021-2026 regulatory period. Thus, the Sole Director of the Company, based on the legal opinions of internal and external advisors, does not consider it necessary to recognise any valuation adjustment.

Regasification plant – Granadilla (Tenerife)

On 16 March 2015, the Madrid Supreme Court of Administrative Appeals handed down a sentence annulling the Resolution passed by the Directorate General for Energy Policy and Mining on 4 May 2012, which granted the Compañía Transportista de Gas Canarias, S.A. ("**Gascan**") the prior administrative authorisation for construction of a plant for receiving, storing, and regasifying LNG in Granadilla (Tenerife), as well as the Environmental Impact Statement for said project, considered favourably in the Resolution passed on 8 June 2007 by the General Secretariat for the Prevention of Pollution and Climate Change.

Both Gascan as well as the Spanish Attorney General filed an appeal against this sentence, which was resolved by a Supreme Court ruling dated 5 March 2018 confirming the annulment of the aforementioned administrative authorisation and Environmental Impact Statement.

However, on 22 June 2015, Gascan proceeded to request a new administrative authorisation for the LNG regasification plant at Granadilla (Tenerife), in accordance with the energy plan approved by the Council of Ministers of Spain and also in accordance with a series of amendments of a technical nature that had been applied to it. To date, the project has been subject to a new Environmental Impact Statement by the Ministry of Environment in favour of the amended facilities project, dated 15 July 2016 (B.O.E. Official State Gazette No. 176 of 22 July), a step required together with the CNMC report for obtaining administrative authorisation. As a result, the directors of the Group, based on the legal opinions of internal and external advisors, do not consider it necessary to recognise any provisions.

Situation of Castor Storage Installations

On 4 October 2014, the B.O.E. published Royal Decree Law 13/2014, pursuant to which exploration concession for the Castor underground storage facilities was terminated and a hibernation of the installations associated with said concessions was initiated. Enagás Transporte, S.A.U., a subsidiary of Enagás, was appointed for the administration of said installations for the purpose of carrying out the necessary measures of maintenance and operability during the hibernation period. Subsequently, by Agreement of the Council of Ministers of 31 October 2019, the hibernation of the underground storage facilities has been terminated, and the sealing and definitive abandonment of the wells has been ordered entrusting Enagas Transporte, S.A.U. with all the dismantling works, including all the operations necessary for the maintenance and operation referred to in articled 3.2 of Royal Decree-Law 13/2014. For further information, see Note 2.2 of the audited consolidated financial statements of Enagás as at and for the year ended 31 December 2019.

Management

Enagás is managed by a board of directors which, in accordance with its by-laws (*estatutos sociales*), is comprised of no less than six and no more than fourteen members appointed by the general shareholders meeting. Members of the board of directors are appointed for a period of four years and may be re-elected.

The board of directors meets at least once every two months and, in addition, whenever convened by the chairman or requested by a majority of members of the board of directors.

As at the date of this Prospectus, the members of the board of directors of Enagás, their position on the board and their principal activities outside Enagás, where these are significant, are the following:[1]

Name of corporate/Name of director	Position on the Board	Date of first appointment	Director at other listed companies
Antonio Llardén Carratalá.....	Chairman – Executive	22 April 2006	
Marcelino Oreja Arburúa	CEO- Executive	17 September 2012	
Ignacio Grangel Vicente.....	Director – Independent	22 March 2018	
Ana Palacio Vallelersundi	Director – Independent(*)	25 March 2014	Director at Pharmamar
Gonzalo Solana González	Director – Independent	25 March 2014	
Antonio Hernández Mancha	Director – Independent	25 March 2014	
Santiago Ferrer Costa.....	Director – Proprietary(*)(*)	15 October 2018	
Luis García del Río	Director – Independent	31 March 2017	
Isabel Tocino Biscarolasaga	Director – Independent	25 March 2014	Director in ENCE
Martí Parellada Sabata	Director – Other external	17 March 2005	
Rosa Rodríguez Díaz	Director – Independent	24 April 2013	
Eva Patricia Úrbez Sanz.....	Director – Independent	29 March 2019	
Sociedad Estatal de Participaciones Industriales - SEPI - (represented by Bartolomé Lora Toro).....	Director – Proprietary(***)	25 April 2008	

(*) Coordinating director (director appointed, if the Chairman is an executive director, from among the independent directors, who has the authority to request a call for a meeting of the board of directors, add new items to the agenda for board of directors meetings that have already been called, coordinate and gather non-executive directors and carry out periodic assessments of the Chairman).

(*)(*) Appointed at the proposal of Sociedad Estatal de Participaciones Industriales - SEPI.

(*)(*)(*) Represented by Bartolomé Lora Toro.

[1] ***Note: to be updated as of the date of the Base Prospectus***

There are no potential conflicts of interest between the members of the board of directors of Enagás and their respective private interests or duties.

The business address of the members of the board of directors is Paseo de los Olmos 19, Madrid 28005, Spain.

The board of directors of Enagás has appointed an Audit and Compliance Committee and an Appointments, Remunerations and Corporate Social Responsibility Committee.

Audit and Compliance Committee

The Audit and Compliance Committee's basic functions are to assess Enagás' accounting verification system, to ensure the independence of the external auditor, to review the internal control system, to ensure the transparency of information and the compliance of the internal rules of conduct and the legislation in force on matters which fall within the reemit of the Audit and Compliance Committee. Among the Audit and Compliance Committee's responsibilities are the following:

(A) In relation to its financial statements and other accounting information, supervising the process of its preparation and presentation, examining the information related to Enagás' activities and results, ensuring the transparency and accuracy of information, notifying the board of directors of recommendations or information which might be considered necessary in relation to the application of accounting criteria and the systems of internal control, ensuring that the board of directors prepares accounts in such a way as not to give rise to qualifications or limitations and evaluate any question raised by the management body with regards to changes in accounting policies.

(B) In relation to the compliance with the law, to report on the acquisition of shares in entities with special purposes and/or domiciled in countries or territories considered to be tax havens, to report on transactions carried out with related parties, and to receive and analyse information concerning the fiscal criteria applied by Enagás during the financial year and the compliance with corporate fiscal policy.

(C) In relation to the Internal Audit, to ensure the independence of the Internal Audit Unit, that they are provided with sufficient resources and appropriate expertise, to approve the Internal Audit Plan and to supervise their services.

(D) Regarding matters concerning the relations with the external auditor, to be responsible for the proposal of the naming, re-election, or substitution of the auditors of the account, to report on the fees from these entities by the External Auditors and supervise that Enagás notify the CNMV of the change of auditor as a regulatory announcement. In order to safeguard independence and integrity, the Audit and Compliance Committee is responsible for establishing appropriate relations with the external auditor order to obtain information on those matters that may represent a threat to its independence, authorising services other than those that are prohibited, ensuring that regulations are adhered to and that fees do not compromise its quality or independence, examining the circumstances in the case of the resignation of the auditor, revising the accounting auditors' reports, ensuring that the auditor assumes full responsibility of such reports, and ensuring that the external auditor meets annually with the complete board of directors.

(E) Relating to the control and management of risk of Enagás, supervising the efficiency of systems of control and the management of risk, in such a way that these risks are mitigated appropriately, evaluating the risks and examining the analysis of risks affecting the activity of Enagás and reporting to the board of directors on the established risks and of their assessment.

(F) In the area of Corporate Governance, reporting on transactions of corporate and structural changes that Enagás projects, monitoring the compliance with the Internal Code of Conduct, coordinating the reporting on information not related to non-financial information and concerning diversity, supervising

a system which allows employees to confidentially and anonymously, if appropriate, communicate any irregularities, and the involvement in providing the annual report of corporate governance.

(G) Concerning the compliance function, ensuring the independence of the compliance unit, the fulfilment of its role and compliance with legal standards, in addition to providing the material and human resources necessary.

The Audit and Compliance Committee will be comprised of at least three and a maximum of five non- executive Directors; the majority of the members have to be independent directors. The Committee meets at least four times a year.

The Audit and Compliance Committee members are set out in the following table:

Audit and Compliance Committee Members	**Functions**
Isabel Tocino Biscarolasaga	Chairwoman
Rosa Rodríguez Díaz	Member
Luis García del Río	Member
Martí Parellada Sabata	Member
Sociedad Estatal de Participaciones Industriales (SEPI)	Member

Appointments, Remunerations and Corporate Social Responsibility Committee

The committee will have a minimum of three and maximum of six non-executive directors, the majority of them independent, appointed by the Board of Directors. The committee meets at least four times a year. Among their responsibilities are the following:

(A) Assessing the competence, knowledge and experience required in the Board of Directors; making recommendations to the Board of Directors for the appointment, re-election or removal of independent directors; reporting on proposals for the appointment, re-election or removal of the other directors; reporting on proposals for the appointment or removal of senior executives as well as reporting on or proposing the basic terms of their contracts; verifying information regarding compensation of directors and senior executives as provided in various corporate documents;

(B) Revising the Board of Directors' structure; formulating and reviewing the criteria that must be followed for the composition of the Board of Directors and for the selection of those who are to be proposed for the position of Director; submitting to the Board of Directors the proposals relating to the organisational structure of the company; examining and organising the succession of the Chairman of the Board of Directors and the Chief Executive Officer;

(C) Setting a parity policy for the representation of the gender that is less well represented on the Board of Directors; proposing a policy to the Board of Directors for the compensation of directors and general managers or other individuals carrying out senior management duties; proposing a general remuneration policy for the management of Enagás; and

(D) Reporting to the Board of Directors on Corporate Social Responsibility and Good Governance Principles; ensuring that any potential conflicts of interest do not threaten the independence of any external advising provided to the Appointments and Compensation Committee; informing the Board of Directors about the measures to be adopted in the event of non-compliance with these Regulation or with the Internal Securities Market Regulation in matters relating to the securities markets, by the directors and other persons subject to the same.

The Appointments, Remunerations and Corporate Social Responsibility Committee members are set out in the following table:

Appointments, Remunerations and Corporate Social Responsibility Committee Members	**Functions**
Ana Palacio Vallelersundi	Chairman
Antonio Hernández Mancha	Member
Gonzalo Solana González	Member
Ignacio Grangel Vicente	Member
Santiago Ferrer Costa	Member
Eva Patricia Úrbez Sanz	Member

Share capital owned by the members of the board of directors of Enagás

The percentage of the share capital of Enagás owned by the members of the board of directors of Enagás as of 9 March 2020 according to publicly available information is disclosed in the following table:

Member	**Direct shareholding**	**Indirect shareholding**	**Total shareholding**
Antonio Llardén Carratalá	0.033%	0.000%	0.033%
Marcelino Oreja Arburúa	0.009%	0.000%	0.009%
Sociedad Estatal de Participaciones Industriales - SEPI	5.000%	0.000%	5.000%

Regulatory framework in Spain

Overview

The main law governing the hydrocarbons sector in Spain is Law 34/1998, of 7 October, on the hydrocarbons sector (*Ley 34/1998, de 7 de octubre, del Sector de Hidrocarburos*) ("**LSH**"), as amended.

The LSH and the subsequent laws amending it are based on the deregulation measures set forth in the correlative European Directives concerning common rules for the internal market in natural gas (*i.e. Directive 1998/30/EC of 22 June, Directive 2003/55/EC of 26 June, and Directive 2009/73/EC of 13 July*).

Based on the abovementioned European Directives, the current Spanish legal framework aims to balance liberalisation and competition in the natural gas sector with the guarantee of a reliable and uninterrupted supply of gas, which is considered to be of general economic interest. The LSH therefore includes measures to achieve a fully liberalised internal market in natural gas, which aims to be more competitive, offer lower prices, and provide a higher quality of service to consumers. The LSH also governs access to the networks, to ensure transparency, objectivity and non-discrimination.

The LSH and its implementing regulations establish a legal framework for the regasification, transmission, distribution, storage and delivery of natural gas for those actors involved in the natural gas sector, in accordance with the provisions that have been set forth in the European Directives referred to above.

As described in the Business section, the Group carries out the following regulated activities in Spain: regasification, natural gas transmission and underground storage, as well as the technical management of the Spanish gas system. This section describes the legal framework applicable to the activities carried out by the

Group in Spain, mainly focused on the income generated from such activities, as well as on other issues which are considered relevant.

Income from regasification, natural gas transmission and underground storage activities

The regulatory framework applicable until 31 December 2020 to regasification, natural gas transmission and underground storage activities is based on the LSH, as amended by Royal Decree-Law 8/2014, of 4 July, approving urgent measures for growth, competitiveness and efficiency (*Real Decreto-ley 8/2014, de 4 de julio, de aprobación de medidas urgentes para el crecimiento, la competitividad y la eficiencia*), which subsequently became Law 18/2014, of 15 October ("**Law 18/2014**").

LSH and Law 18/2014 were amended by Royal Decree-Law 1/2019, of 11 January, on urgent measures to adapt the powers of the Spanish Markets and Competition Commission to the requirements derived from the EU Law in relation to Directives 2009/72/EC and 2009/73/EC of the European Parliament and of the Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas (*Real Decreto-ley 1/2019, de 11 de enero, de medidas urgentes para adecuar las competencias de la Comisión Nacional de los Mercados y la Competencia a las exigencias derivadas del derecho comunitario en relación a las Directivas 2009/72/CE y 2009/73/CE del Parlamento Europeo y del Consejo, de 13 de julio de 2009, sobre normas comunes para el mercado interior de la electricidad y del gas natura*l) ("**RDL 1/2019**").

Circular 9/2019, of December 12, approved by the CNMC establishes the methodology to determine the remuneration of natural gas transportation facilities and liquefied natural gas plants as from 1 January 2021 ("**Circular 9/2019**").

In particular, the circular is based on establishing the profitability of the financial resources invested (current financial remuneration rate) using the WACC methodology, applicable to the entire regulatory period, as established in Circular 2/2019, of 12 of November, from the CNMC, which establishes the methodology for calculating the rate of financial remuneration for the activities of transportation and distribution of electric energy, and regasification, transportation and distribution of natural gas. For the second period, the rate was established in Circular 2/2019 and was set at 5.44%. Along with this, the determination of the remuneration for operation and maintenance costs will take place through unit reference values for the entire period (2021-2026), except for the remuneration of those variable costs that, being assignable and traceable, have a limited management by the carrier, and they are carried out at audited value.

The basis of the remuneration scheme set forth in Law 18/2014, as amended by RDL 1/2019, is as follows:

- The principle of economic and financial sustainability of the gas system is established as a guiding principle for actions of public authorities and other subjects participating in the gas system. By virtue of this principle, any regulatory measure related to the hydrocarbons sector which involves an increased cost for the gas system or a reduction of income must incorporate an equivalent reduction of other cost items or an equivalent increase of income which ensures the system's balance. Therefore, the possibility of accumulating deficits is, in principle, eliminated.

  This guiding principle is reinforced by the establishment of restrictions triggered by the appearance of temporary annual imbalances, providing a rebalancing mechanism. This consists of the obligation to perform automatic reviews of the corresponding tolls and royalties if certain thresholds are exceeded. These thresholds allow for deviations caused by temporary circumstances or by the volatility of gas demand, which can be reversed in the following period without having to modify tolls and royalties. At the same time, such thresholds guarantee that levels of deviation that could jeopardise the financial stability of the system will not be reached.

The temporary imbalances that may be produced in the system (without exceeding the corresponding thresholds) must be financed by all the participants in the settlement system, considering the (income) collection rights that each of them may have.

The principle of economic and financial sustainability must be understood in such a way that the income from the facilities' use is sufficient to cover all costs generated by the system. Regulated remuneration methodologies in the natural gas sector consider that costs assumed by an "efficient and well-managed company" fall under the principle of the performance of the activities at the lowest cost to the system.

- Regulatory periods of six years are established for the purposes of remuneration for regulated activities, which provide such activities with regulatory stability. The first regulatory period will end on 31 December 2020. The following regulatory period will begin on 1 January 2021, with successive periods being for six years each[2].

- According to Law 18/2014 the remuneration system applicable until 31 December 2020 to regasification, natural gas transmission and underground storage activities is established under harmonised principles in which the net asset value is generally the basis on which return on investment is calculated. Moreover, the system includes a variable remuneration that takes into account the amount of gas regasified, transmitted or stored and the type of asset, eliminating any automatic review procedure for remuneration values and parameters connected to price indexes.

- In order to limit any further increase to the deficit, when the annual imbalance between income and costs exceeds 10% of revenues to be settled during the year, or when the sum of the annual imbalance plus the recognised annual amounts pending payment exceeds 15%, the tolls and royalties for the following year will be increased to recover the amount exceeding that limit. In any event, as long as there are annual amounts pending payment from prior years, tolls and royalties cannot be revised downwards.

- The remuneration framework is implemented through a settlement system managed by the CNMC and the Ministry for Ecological Transition. The purpose of this settlement system is to collect the tolls and royalties paid by users and to use such amounts to remunerate the regulated activities.

- The remuneration formula for 2020 takes two components into account: (a) a fixed remuneration component that compensates the availability of the infrastructure, and (b) a variable remuneration component that compensates the continuity of the supply.

  The fixed remuneration for availability includes operating and maintenance costs, amortisation/depreciation, and a financial remuneration which is calculated by applying the corresponding rate determined for each regulatory period over the annual net value of the investment.

  The variable remuneration for continuity of supply allows the system's income and costs to be balanced, as it links part of such costs to the evolution of gas demand.

  This variable remuneration depends on: (a) the global change in domestic consumption of natural gas (excluding supply through satellite plants) with respect to the prior year in the case of transmission facilities; (b) the change in regasified gas demand in the whole system in the case of regasification facilities; and (c) the change in stored useful gas on 1 November of each year, including cushion gas mechanically extracted from the latter in the case of gas storage.

[2] For the year 2020, remuneration of regasification and natural gas transmission activities must comply with the calculation methodology established in Annex XI of Law 18/2014. From 1 January 2021, the remuneration methodology established by Circular 9/2019 will apply.

Remuneration for continuity of supply is divided between all the facilities, considering the weight of their replacement value with respect to all facilities. Such parameters are calculated by applying the investment unit values in force at each year.

When the regulatory useful life of the facilities ends, in cases where the asset remains operational, the operating and maintenance costs are established as fixed remuneration, increased by a coefficient based on the number of years by which the asset exceeds its regulatory useful life. From that date onwards, the return on investment is no longer accrued. That notwithstanding, in exceptional cases the Minister for Ecological Transition can approve the withdrawal of facilities from the remuneration system if their useful time has elapsed. This power can only be used if there are exceptional circumstances (i.e. low use of the facilities and demand forecasts that recommend such measure to guarantee the economic sustainability of the system, so long as the affected facilities are not necessary to guarantee the security of energy supply).

Remuneration for Availability (RA)

The remuneration for availability is determined individually for each of the assets in production. This parameter compensates the investment and the operating costs of the assets used for operating in the gas system.

Remuneration for investment costs is comprised of the following:

- *Value of the assets already recognised*: The value of the assets recognised under the previous regulatory framework is maintained.

  For facilities that became operational prior to 2002, the corresponding values are calculated based on their accounting value after the 1996 update (approved by Royal Decree-Law 7/1996, of 7 June, on urgent measures related to tax, promotion and liberalisation of the economic activity –*Real Decreto-Ley 7/1996, de 7 de junio, sobre medidas urgentes de carácter fiscal y de fomento y liberalización de la actividad económica*), less any grants received for the purpose of financing such assets. The result of such difference is subject to an annual update coefficient comprised of the adjusted average of the Consumer Price Index (CPI) and the Industrial Price Index (IPI).

  For new facilities from 2002 the standard value of each investment as established by the regulator is used. For facilities which require expansion, the real cost is used.

  There are no standard values for investments in underground storage facilities, so they are also measured at real cost.

  The value of transmission facilities put into service after 2008 is measured by taking the average of the standard value and the real cost.

  The value of regasification facilities from 2006 is measured at real cost plus 50% of the difference between the standard value and the said real cost, up to a maximum of the standard value.

- *Remuneration for amortisation/depreciation of the system's assets:* The resulting value for the investment is amortised/depreciated by applying a rate which corresponds to the remaining useful life of each asset.

  The current framework establishes the useful life of the assets, except for gas pipelines, which are provided with a useful life of 40 years for all facilities, regardless of when they were put into service.

- *Financial remuneration of the amount invested*: This item is calculated by applying a financial remuneration rate to the net value of the assets before being updated. During the first regulatory period, the remuneration rate for assets related to regasification, natural gas transmission and basic storage with a right of remuneration from the gas system must be equal to the average yield from Spanish Government

10-year bonds on the secondary market amongst titleholders of unsegregated accounts in the twenty-four months preceding July 2014, plus a spread of 50 basis points. Such financial remuneration rate has been determined, for the first regulatory period, as 5.09%.

- *Remuneration for fully amortised/depreciated assets*: When the regulatory useful life of each asset ends, if the asset is still in use, the remuneration accrued for the relevant facility corresponding to remuneration for investment, depreciation, and financial remuneration will be nil.

  By contrast, the remuneration for the operation and maintenance of the asset "i" each year "n" will be increased. In this manner, the value recognised will be the amount corresponding to it, multiplied by a coefficient for increasing its useful life, μ_{in}.

  This parameter will have the following values:

  - During the first five years in which the regulatory useful life has been exceeded: 1.15.
  - When the regulatory useful life has been exceeded by 6 to 10 years, the value of the coefficient for extending the useful life will be: 1.15+0.01 (X-5).
  - When the regulatory useful life has been exceeded by 11 to 15 years, the value of the coefficient for extending the useful life will be: 1.20+0.02 (X-10).
  - When the regulatory useful life has been exceeded by more than 15 years, the value of the coefficient for extending the useful life will be: 1.30+0.03 (X-15).

  Where “X” is the number of years that the asset has exceeded its regulatory useful life. The parameter μ_{in} can never be greater than 2.

  Notwithstanding this limit, the Minister for Ecological Transitional may approve, in exceptional cases, the withdrawal of facilities from the remuneration system where their useful life has elapsed.

In general, Law 18/2014 maintains the framework foreseen in the previous regulations regarding the calculation for remuneration corresponding to operating costs in connection with transmission, regasification, and underground storage assets. The only difference is the application of unit costs for the operation and maintenance of all transmission facilities, regardless of when the assets were put into operation.

Remuneration for continuity of supply (RCS)

Remuneration for continuity of supply (RCS) is calculated as a whole for each of the activities: regasification, natural gas transmission, and underground storage.

The remuneration for this item in year “n” is calculated in all cases based on the remuneration for the previous year "n-1" multiplied by an efficiency factor and the change in demand.

The efficiency factor is set at a value of 0.97 for the first regulatory period. The following factors for changes in demand are considered:

- With respect to the gas pipeline transmission network, the change in total domestic demand for gas, excluding the supply via satellite plants, with the following maximum and minimum limiting values for demand: 410 TWh and 190 TWh.
- With respect to regasification plants, the change in total demand for gas produced by all the regasification plants in the gas system, with the following maximum and minimum values of gas produced: 220 TWh and 50 TWh.

- With respect to storage facilities, the change in useful gas stored at 1 November of the corresponding year, including the portion of cushion gas that can be mechanically extracted, with the following maximum and minimum values for stored gas: 30 TWh and 22 TWh.

Remuneration for continuity of supply which results for each activity in year "n" will be divided amongst each of the "i" facilities which remain in operation, based on a coefficient, a_i, which results from dividing the replacement cost of facility "i" by the sum of the replacement costs for all facilities. This replacement cost is calculated based on the prevailing unit investment costs, except for singular facilities and underground storage, for which the investment value will be used.

Variable accredited cost for regasification and transfer of liquified natural gas to ships

This amount is determined based on the kWh actually regasified, as well as the kWh loaded in liquified natural gas ("**LNG**") cisterns for each period and the variable unit value for regasification in the period considered. For 2019, this cost is set at 0.000162 €/kWh regasified and 0.000194 €/kWh loaded in cisterns. These values were established in the Ministerial Order IET/2446/2013, Annex VII and are valid up to the end of 2020.

Like the fixed operation and maintenance costs, the variable costs will be increased by multiplying them by a coefficient for increasing its useful life. According to Ministerial Order TEC/1259/2019, the values of these parameters for 2020 are as set out in the below table:

in		Cisterns loading	Ship loading	Regasification
LNG terminal	Huelva	1.06	1.00	1.08
	Cartagena	1.06	1.00	1.03
	Barcelona	1.29	1.00	1.04
	BBG	1.00	1.00	1.13
	Reganosa	1.00	1.00	1.15
	Saggas	1.00	1.00	1.04

For the LNG ship-loading services from regasification plants or cooling down ships, a cost is recognised that is identical to the variable cost of the cistern loads. For ship-to-ship transfer the cost is 80% of said value.

The basis of the remuneration scheme set forth for the next regulatory period, derive from Circular 9/2019 of the CNMC which, pursuing its new powers, has established a remuneration model that applies the principles established for the current remuneration model, together with those adaptations/modifications that allow, in practice, companies to comply more faithfully with the remuneration principles established in said regulation; all of it through a transition between both models that is progressive, ordered and transparent.

Thus, as from 1 January 2021 the methodology to determine the remuneration of natural gas transportation facilities and liquefied natural gas plants will meet criteria of economic efficiency, transparency, objectivity and non-discrimination, the following general principles being applicable:

(a) Establish an adequate remuneration to that of a low risk activity.

(b) Ensure the recovery of the investments made by the holders in the period of their useful life.

(c) Allow a reasonable return on the financial resources invested.

(d) Determine a system of remuneration for operating costs that encourages effective management and improved productivity, which should be passed on in part to users and consumers.

(e) Contribute to the economic and financial sustainability of the natural gas system.

(f) Consider the costs necessary to carry out the activity for an efficient and well-managed company according to the principle of carrying out the activity at the lowest cost for the gas system with homogeneous criteria throughout the Spanish territory, without prejudice to the specificities foreseen for the insular and extra-peninsular territories.

In particular, the Circular is based on establishing the profitability of the financial resources invested (current financial remuneration rate) using the WACC methodology, applicable to the entire regulatory period, as established in Circular 2/2019 of the CNMC, which establishes the methodology for calculating the financial remuneration rate for the activities of transportation and distribution of electrical energy, and regasification, transportation and natural gas distribution. For natural gas transportation and liquefied natural gas plants a retribution financial rate of 5.44% has been established for the second regulatory period (1 January 2021 to 31 December 2026). Along with this, the determination of the remuneration for operation and maintenance costs will take place through unit reference values for the entire period, except for the remuneration of those variable costs that, being assignable and traceable, have a limited management by the carrier, and they are carried out at audited value.

In accordance with the report justifying Circular 9/2019 of December 12, of the CNMC, it is estimated that if demand during the period 2021-2026 remains similar to that expected for 2019, the average annual economic impact during the period 2021-2026 of the methodology proposed in the Circular would be an average annual reduction of approximately 117 million euros on the remuneration resulting from maintaining the current methodology, 11 million euros for regasification activity (3% reduction compared to 2019) and 106 million euros for transmission activity (14% reduction compared to 2019).

One of the most significant novelties, although it has practically no material impact, is that in order to allow the temporary coordination of remuneration with the methodology of tolls and royalties, in accordance with the European Commission Regulation the remuneration is now calculated per gas year.

The gas year for which the remuneration of the installations is determined runs from 1 October of year “n-1” to 30 September of year “n”, both inclusive, with the exception of 2021 which starts on 1 January 2021.

With regard to the Remuneration for Extension of Useful Life (REVU) provided in Annex XI of Law 18/2014, of October 15, said incentive has been improved.

Likewise, the Circular includes an annual Remuneration for Productivity Improvements in operating and maintenance costs compared to the previous period, which results in an equitable distribution between consumers and companies.

Incentives are introduced to promote the use of natural gas in land and sea transport in order to promote its use against other more polluting hydrocarbons.

As regards the remuneration for continuity of supply (RCS) for the transport and regasification of natural gas, a progressive reduction of said remuneration concept takes place in the regulatory period 2021-2026.

The Circular also includes a treatment of the concept of related activity for remuneration purposes, understood as that activity other than activities with a regulated economic regime whose provision involves the use or consumption of resources from activities with a regulated economic regime.

Another novelty consists in the inclusion of a principle of financial prudence which applies to the owners of transport assets and liquefied natural gas plants. For the purpose of incorporating a principle of financial prudence required of the holders of transmission assets and liquefied natural gas plants, a penalty is established for companies whose ratios are outside the recommended value ranges set forth in the CNMC Communication 1/2019. Accordingly, a company’s annual remuneration in calendar year n could be reduced by up to 10% if the

overall ratio defined in that communication, calculated on the basis of the financial statements for year n-2, is less than 0.9. However, this penalty would not be applicable until 2024, based on the 2022 financial statements.

The remuneration accrued in one year for gas by each company that owns natural gas transmission facilities and liquefied natural gas plants will be the result of adding up the following remuneration components for each of its facilities:

(a) ***Return on* investment *(RINV)*** which aims to recover the investments made and to obtain a reasonable return. Remuneration for investment costs is comprised of the following:

- Value of assets recognised: Assets are recognised a certain value depending on the date of their entry in operation. A novelty in this regard is the determination of the investment value at unit values, which is used to calculate the Recognised Investment Value, with the unit values in force on the date of obtaining the prior administrative authorisation of the facility, instead of using the values in force when obtaining the commissioning certificate according to current practice.

  Additionally, in order to introduce the incentive to build only investments justified by forecast demand, obtaining the investment remuneration for the new non-trunk facilities (zone attention gas pipelines and new liquefied natural gas plants) will take place from the gas actually processed/vehiculated.

- Remuneration for amortisation of system assets (A). The value of the resulting amount recognised for the investment is amortised applying a rate corresponding to its useful life, obtaining the related income.

  In the new framework, the useful lives of the assets in the current framework are maintained, except for the secondary pumps of the regasification plants (which go from 20 to 10 years). In addition, for new facilities, the remuneration for amortisation starts to accrue from the date of commissioning of the facility.

  Depreciation is calculated for the facilities of the trunk network and regasification plants commissioned prior to 1 January 2021 and for primary transmission pipelines of local influence with administrative authorisation prior to 1 January 2021.

- Financial remuneration of the amount invested (FR). It is calculated by applying a financial remuneration rate to the net carrying amounts of the assets without restatement and accrues until the net value is zero.

  From the second regulatory period onwards, the remuneration rate on the transmission and regasification assets is no longer indexed to the State's Obligations, but is established on the basis of the average WACC capital cost of the transmission and regasification activity. For the second period, the rate was established in Circular 2/2019 and was set at 5.44%.

  The financial remuneration is calculated for facilities with individualised remuneration with the right to remuneration by amortisation and begins to accrue from the same date as the latter.

- Financial remuneration for heel gas and minimum fill (RFNMLL). The calculation method of the current framework is maintained. The remuneration is calculated by applying the financial remuneration rate to the purchase value of the gas and has no amortisation. It starts to accrue from the later of the date of purchase of the gas and the date of commissioning of the facility until the closure of the facility or the delivery of the gas to the GTS for use as operating gas.

- Remuneration based on the gas transmitted or processed (RGV). This remuneration is applied to the primary transmission facilities in the local area of influence awarded by competition and to

new regasification plants and primary gas pipelines in the area of influence directly authorised after 31 December 2020. The annual remuneration is that which results from multiplying a unit remuneration coefficient by the gas transmitted or processed annually and is accrued from the date of commissioning. In no case may the RGV remuneration, in each gas year, be greater than the amounts invoiced for tolls and royalties.

For facilities awarded by competition, the unit remuneration (ROC) is that offered by the company awarded the contract.

For facilities awarded directly (RUM), the unit remuneration is the average remuneration calculated as the sum of the amortisation and financial remuneration during the useful life of the project divided by the sum of the annual gas volumes foreseen by the owner of the facility when the economic justification of the project was presented for award. For these facilities, given that the remuneration risk is greater than for the trunk facilities, the financial remuneration rate is increased by a differential provisionally set at 0.39%, resulting in a rate of 5.83%.

The RGV remuneration is accrued until the present value of the sum of the recognised annual remuneration, discounted at the previous remuneration rate, is at the present value of the recognised investment.

(b) ***Remuneration for operation and maintenance of the facility (RO&M)***.

For transmission and regasification assets to which the standard unit costs apply, the remuneration for operation and maintenance is calculated by applying the reference unit costs of operation and maintenance in force, regardless of the date of commissioning of the fixed asset (COMVU).

For one-off assets, costs are calculated on the basis of actual audited costs (COMsing).

Apart from the above costs, other costs not included in the unit reference values (OCOM) are also recognised and will be recognised on the basis of their audited cost. These costs include:

- Direct and indirect capitalised operating expenses. When the capitalised expenses exceed 250,000 euros, they will be recognised with amortisation and financial remuneration based on their audited investment value, considering a useful life of 2 years. In these cases, the accrual will occur from January 1 of the year following their commissioning. Capitalised expenses below this limit will be recognised as an expense for the year up to the limit established by the CNMC.
- The acquisition cost of the operating gas for transmission and of the odorant.
- The cost of electricity supply for LNG plants and for electric motors in compression stations. In the case of the regasification plants this audited cost replaces the variable remuneration existing in the current framework.
- The cost increases from 1 January 2021 for municipal fees for public domain occupancy and for port fees for port domain occupancy.

(c) ***Productivity and efficiency remuneration adjustments (ARPE).***

Under this item, facilities that are at the end of their useful life (REVU) are remunerated, as are the transitional remuneration for continuity of supply (RCS), the remuneration for efficiency in operating and maintenance costs (RMP) and the remuneration for incentives to reduce losses (IM) and promote gas in maritime and land transport. The items included are the following:

- Remuneration for extension of useful life for fully depreciated assets (REVU). Once the regulatory useful life of each fixed asset finalises, if the asset is still in use, the remuneration accrued for said

facility corresponding to remuneration for investment, amortisation, and financial remuneration will be nil. In contrast, remuneration for operation and maintenance of the asset "i" each year "n" will be increased. In this manner, the value recognised will be the amount corresponding to it multiplied by a coefficient for increasing its useful life, μin. This coefficient is gradually increasing, the starting value being higher than the current remuneration framework, from 0.15 to 0.3.

- Supply continuity remuneration (RCS). A transitional remuneration is established for the RCS during the 2021-2026 regulatory period. The RCS is no longer indexed to the variation in demand or regasification but is calculated on the basis of the RCS recognised in the year 2020, adjusted by the following coefficients for the different gas years of the second regulatory period. ¾ of 95% for 2021, 80% for 2022, 65% for 2023, 50% for 2024, 35% for 2025 and 20% for 2026.

- Remuneration for productivity improvements in operating and maintenance costs in regulatory periods (RMP). This item intends to allow the carrier to retain part of the operating and maintenance cost efficiencies achieved over the previous regulatory period and is calculated per company, which is currently set at 50%.

  Under this item, the company is attributed 50% of the reduction in costs in the current regulatory period with respect to the unit costs of the previous regulatory period.

- Loss incentive remuneration (IM). The same methodology is applied as at present until it is reviewed by the CNMC.

- Incentive remuneration for the development of natural gas in maritime and land transport (IDS). This incentive aims to promote the use of natural gas as a fuel in maritime and land transport and is calculated by multiplying the gas invoiced for service stations connected to the transmission network and the LNG invoiced in regasification plants for use as maritime fuel by unit coefficients, which in both cases is 0.50 euros/MWh.

(d) ***Remuneration for facilities in special administrative situations (RSAE).***

This remuneration is applicable to the Musel plant whose authorisation processing is currently suspended and corresponds to a transitional remuneration sum of the financial remuneration calculated on the standard investment value and the actual audited operation and maintenance costs.

It also applies to regasification plants with a unique and temporary financial regime such as the provision of LNG logistics services, in accordance with Article 60.7 of Law 18/2014, which will be defined by the CNMC in due course.

(e) ***Remuneration for investment in facilities with crossborder impacts resulting from the application of Article 12 of Regulation (EU) No 347/2013, (RIIT).***

This item is aimed at remunerating any costs that a carrier may incur as a result of the cross-border distribution of investment costs for a project of common European interest, as established in Article 12 of Regulation (EU) 347/2013 of the European Parliament and of the Council, of 17 April 2013.

Pipelines which affect reverse flow capacities or change the capacity to transport gas across the borders of the Member States concerned by at least 10% compared to the situation prior to the project is put into service may, in the case of natural gas, be considered as a project of common interest as set out in Appendix II to this Regulation. In the case of storage of natural gas, liquefied natural gas (LNG) or compressed natural gas (CNG), they will be considered as a project of common interest when the project is intended for the direct or indirect supply of at least two Member States or for compliance with the infrastructure standard (n-1) at regional level, in accordance with European Regulation 2017/1938 on Security of Supply.

Remuneration for underground storage activity

Currently, the Royal Decree establishing the methodology for the remuneration of underground storage is pending processing and approval, although it is expected that the framework to be established will be very similar to that established in Circular 9/2019 for transport and regasification activities, with the particularity that the investments and operation and maintenance costs in storage facilities are to date unique. Underground storages are considered singular assets and both investments and operation and maintenance costs are based on real and audited costs.

As in transport and regasification activities, Law 18/2014 still applies in 2020 although unlike these activities, the Regulator is the Ministry for Ecological Transition. Ministerial Order TEC/1259/2019 establishes the remuneration scheme for underground storages for 2020.

The remuneration scheme is the same as in previous years, with the most notable element being the publication of the provisional OPEX for 2020, which includes the remuneration for extension of useful life (COEV) for Gaviota and Serrablo storages.

	Indirect Provisional OPEX 2020 - euros	**Direct Provisional OPEX 2020 - euros**	**Provisional OPEX 2020 - euros**	**Provisional Useful life extension COEV 2020 - euros**	**Total Provisional Total OPEX+COEV 2020 - euros**
U.S Serrablo	3.703.798,87	3.115.459,29	6.819.258,16	1.022.888,72	7.842.146,89
U.S Gaviota	416.006,05	18.678.818,36	19.094.824,41	2.864.223,66	21.959.048,07
U.S Yela	-	4.035.526,87	4.035.526,87	-	4.035.526,87
U.S Marismas	5.088,23	1.463.334,16	1.468.422,39	-	1.468.422,39
Total U.S	4.124.893,15	27.293.138,68	31.418.031,83	3.887.112,39	35.305.144,21

Income corresponding to Technical Management of the System (TMS)

Technical Management of the System includes coordinating the development, operation, and maintenance of the transmission network, supervising the safety of natural gas supply (storage levels and emergency plans), carrying out plans for the future development of the gas infrastructure, and controlling third-party access to the network, with the purpose of ensuring the continuity, quality and safety of the gas supply and the correct functioning and coordination of the system.

The rules for the Technical Management of the System were passed by the Order ITC/3126/2005, of 5 October (*Orden ITC/3126/2005, de 5 de octubre, por la que se aprueban las normas de gestión técnica del sistema gasista*), which has been subsequently modified on multiple occasions. The main purposes of these rules are (i) to promote accuracy in the technical functioning of the natural gas system; and (ii) to guarantee the continuity, quality and stability of the supply of natural gas by coordinating the activity of all the transmission companies.

Circular 1/2020, dated 9 January, establishes the remuneration methodology for the technical manager of the gas system from 2021 onwards. It establishes a model which only considers those costs prudently incurred by an efficient and well-managed company. It introduces a system of incentives, with a positive or negative sign, aimed at promoting efficiency in the actions of the manager of the gas system. To this end, efficiency indicators will be established in the following areas: a) operation and technical management of the gas system and correct coordination between the different infrastructures; b) continuity and security of natural gas supply; c) management of third party access to gas installations and optimisation of their use; and, d) balance sheet management in the different facilities of the gas system.

Additionally, it establishes the duration of the regulatory periods. It sets regulatory periods of 3 years, beginning the next period in 2021 and ending in 2023. It also establishes the remuneration parameters for the first

regulatory period 2021-2023. Finally, it also establishes the remuneration of the technical manager of the system for the year 2020 (25 million euros).

Regarding the financing of the remuneration of the technical manager of the system, its settlement and collection, the Circular does not introduce significant changes. Except for a technical adjustment related to the recovery of differences between what the manager collects through the fee and his remuneration.

As a result of this new methodology, the annual remuneration for the regulatory period 2021-2023 ranges between 26.2 million euros (in a scenario of minimum incentive compliance) and 27.2 million euros (in the case maximum compliance of incentives). Without considering incentives, the annual remuneration amounts to 26.7 million euros.

Remuneration for incentives that can be up to +- 5% of the basic remuneration, depending on the incentive mechanism established by the CNMC for each regulatory period. However, for the regulatory period 2021-2023 the limits are set at +-2%.

The remuneration for new obligations is established on the basis of a regulatory account, the balance of which is established for each regulatory period, divided by 3, for each of the years of the regulatory period. For the regulatory period 2021-2023, the regulatory account is 5 million euros.

Thus, for the regulatory period 2021-2023, the basic remuneration is set at 25.007 million euros and the remuneration of the regulatory account at 1.667 million euros.

The fee paid as remuneration for the Technical Manager of the System to be collected from companies that own regasification, transmission, storage, and natural gas distribution facilities, as a percentage of invoicing for tolls and royalties associated with third-party access to the network will be established by the CNMC by means of a Resolution approved before 1 January each year.

Income corresponding to heel gas and minimum gas levels for filling gas pipelines

Article 16 of Order IET/3587/2011, of 30 December, establishing the tolls and royalties for third-party access to gas facilities and remuneration for regulated gas sector activities (*Orden IET/3587/2011, de 30 de diciembre, por la que se establecen los peajes y cánones asociados al acceso de terceros a las instalaciones gasistas y la retribución de las actividades reguladas*) establishes that the gas intended for minimum levels in gas pipelines for transmission and regasification plants (heel gas) will be remunerated as a necessary investment for transmission activity, acknowledging financial remuneration.

Remuneration for this item was maintained after the new remuneration framework took effect, which applies the same rate for financial remuneration and for transmission, regasification, and underground storage facilities. The acquisition cost will be the result of applying the price resulting from the auction to the acquired quantity.

Income corresponding to the purchase of gas for self-consumption

Until 2015, gas was acquired by transmissioners and valued at the auction price, and payments made were considered reimbursable expenses.

In accordance with the stipulations of Article 7 of Order IET/2736/2015, of December 17, establishing the tolls and royalties for third-party access to gas facilities and remuneration for regulated gas sector activities for 2016 (*Orden IET/2736/2015, de 17 de diciembre, por la que se establecen los peajes y cánones asociados al acceso de terceros a las instalaciones gasistas y la retribución de las actividades reguladas para el 2016*), from 2016 onwards, the operating gas for transmission facilities and basic underground storage, as well as the operating gas of regasification plants for which the costs are borne by the gas system, is acquired by the Technical Manager of the System in the organised gas market. The acquisition cost for this gas is set at the auction price and is considered a reimbursable expense.

In addition, following the entry into force of the new remuneration framework of 2014, from 2018 the purchase of gas for self-consumption at regasification plants is no longer considered a recognised cost.

Settlement of tolls associated with third-party access to gas plants

The invoicing and collection of remuneration for regulated activities subject to settlement (third-party access to the network and Technical Management of the System) is carried out in accordance with the settlement procedure, as per Order ECO/2692/2002, of 28 October, regulating the settlement procedure related to the remuneration for regulated activities of the natural gas sector and the quotas with specific destinations, and establishing the information system that companies must present (*Orden ECO/2692/2002, de 28 de octubre, por la que se regulan los procedimientos de liquidación de la retribución de las actividades reguladas del sector gas natural y de las cuotas con destinos específicos y se establece el sistema de información que deben presentar las empresas*) ("**Order ECO/2692/2002**").

The Fifth Additional Provision of Order ITC/3993/2006, of 29 December, determining the remuneration for certain regulated activities in the gas industry, modified section I.5 of Appendix II of Order ECO/2692/2002, establishing that interest will be applied to the amounts to be settled with each transmission entity or distributor. This interest is calculated by applying the average values of the one-year treasury bond to these amounts over a 60-day period.

Settlement of accumulated deficit

Law 18/2014 establishes the principle of economic and financial sustainability of the gas system. In accordance with this principle, the system income will be exclusively dedicated to sustaining remuneration that corresponds with regulated activities relating to gas supply. Further, this income must be sufficient to satisfy the totality of costs incurred by the gas system. In addition, in order to ensure economic sufficiency and avoid the appearance of new deficits ex ante, all regulatory measures relating to the gas system which involve an increase in costs for the system or a reduction of income must incorporate an equivalent reduction in other cost items or an equivalent increase in income which ensures the system's balance.

Likewise, the new remuneration framework establishes a specific methodology for the resolution of temporary imbalances between system income and costs, which (together with the measures set out above) aims to avoid gas system deficits and establish a period for recovery of these imbalances and recognise financial costs accrued by regulated companies to finance these imbalances.

The methodology established in Article 66 of Law 18/2014 distinguishes between the accumulated deficit at 31 December 2014 and the deficit which may be generated in subsequent years, so that:

- The amount corresponding to the deficit accumulated in the gas system at 31 December 2014 will be determined in the definitive settlement of 2014, and the participants in the settlement system will have the right to recover annual amounts corresponding to this accumulated deficit in the settlements for the subsequent 15 years, plus interest at market rates.

- Definitive settlement in 2014 was approved by the regulatory oversight chamber of the CNMC in its session held on 24 November 2016, recognising €1,025,053,000 for the accumulated deficit of the gas system at 31 December 2014. This deficit will be recovered in 15 consecutive annual instalments starting on 25 November 2016 (the day following the approval of the definitive settlement) until 24 November 2031.

  Law 18/2014 aims to ensure that temporary imbalances between income and expenses that may manifest from 2015 onwards, will be recovered once the definitive settlements have been obtained in the following five years while recognising an interest rate corresponding to market conditions.

Definitive settlement in 2015 was approved by the regulatory oversight chamber of the CNMC in its session held on 24 November 2016, recognising €27,232,000 for the regulated deficit of the natural gas sector corresponding to the year 2015. This deficit will be recovered annually starting from 25 November 2016 (the day following approval of the definitive settlement for 2015) until 24 November 2021.

Order ETU/1977/2016 establishes that the annual payment for 2016 will be settled in first 2016 instalment as a single payment, while the remaining annual payments for 2017 and subsequent years will be distributed in 12 equal monthly instalments which will be settled in a single payment in the first instalment of the year, prioritising collection over other system costs in the terms established in Articles 66 and 61.2 of Law 18/2014. In addition, Order TEC/1367/2018 establishes the definitive interest rates for the gas system to be applied to the accumulated deficit of 31 December 2014 and the temporary imbalance of 2015, 2016 and 2017. These values are as follows:

- The definitive interest rate for the accumulated deficit at 31 December 2014 is 1.104%. The interest accrued from the day following approval of the definitive settlement for 2014.
- The definitive interest rate for the temporary imbalance between income and expenses in the gas system for 2015 is 0.836%. The interest accrued from the day following approval of the definitive settlement for 2015.

Definitive settlement of 2016 was approved by the regulatory oversight chamber of the CNMC at its meeting on 30 November 2017, recognising €90,014,000 as the deficit for regulated activities of the natural gas sector for the year 2016. This deficit will be recovered annually from 1 December 2017 (the day following the adoption of the final settlement of the year 2016) until 30 November 2022. The definitive interest rate for the temporary imbalance between income and expenses in the gas system for 2016 is 0.716%.

Definitive settlement of 2017 was approved by the regulatory oversight chamber of the CNMC at its meeting on 28 November 2018, recognising €24,781,115.56 as the deficit for regulated activities of the natural gas sector for the year 2017. This deficit will be recovered annually from 28 November 2018 (the day following the adoption of the final settlement of the year 2017) until 28 November 2023. The definitive interest rate for the temporary imbalance between income and expenses in the gas system for 2018 is 0.923%.

Definitive settlement of 2018 was approved by the regulatory oversight chamber of the CNMC at its meeting on 28 November 2019, recognising €30,879,333.33 as the surplus for regulated activities of the natural gas sector for the year 2018. This amount will be allocated to the early and complete repayment of the temporary deficits between income and expenses for the years 2017 and 2015. The outstanding amount is intended to partially repay the 2016 deficit.

Recognition of costs associated with the dismantling of natural gas facilities

Royal Decree 949/2001, of 3 August, which regulates third-party access to the gas facilities and determines an integrated economic system of the natural gas sector (*Real Decreto 949/2001, de 3 de agosto, por el que se regula el acceso de terceros a las instalaciones gasistas y se establece un sistema económico integrado del sector de gas natural*), establishes that with respect to regulated activities, when plants and storage facilities are shut down, remuneration will cease from the closing date without prejudice to the net dismantling costs recognised if the plants and storage facilities are actually dismantled.

Other relevant regulatory issues related to the activities carried out by the Group

Last resort tariff

The amendment of the LSH operated by Law 12/2007, of 2 July, amending Law 34/1998, of 7 October, on the hydrocarbons sector, in order to adapt it to the provisions of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003, concerning common rules for the internal market in natural gas (*Ley 12/2007, de 2 de julio, por la que se modifica la Ley 34/1998, de 7 de octubre, del Sector de Hidrocarburos, con el fin de adaptarla a lo dispuesto en la Directiva 2003/55/CE del Parlamento Europeo y del Consejo, de 26 de junio de 2003, sobre normas comunes para el mercado interior del gas natural*) ("**Law 12/2007**") eliminated the regulated supply for some customers and created the so-called last resort tariff ("**Last Resort Tariff**").

The Last Resort Tariff is determined by the Spanish government, and sets a single price for all of the Spanish territory. Currently, low-pressure customers with annual consumption of less than 50,000 kWh that do not choose another supply option will be supplied by a last-resort supplier at the Last Resort Tariff.

Separation of activities

Law 12/2007 redefined the activities of the different subjects that interact in the gas system by determining a functional and legal separation of the regulated activities and the production and supply activities, and by eliminating the potential competition between distributors and retailers in the supply sector through the disappearance of the tariff system and the creation of the Last Resort Tariff referred to above.

In order to reinforce the separation of activities obligation established in Law 12/2007 and to structure a specific regime governing separation of activities for transmission system operators, Royal Decree Law 13/2012, of 30 March, transposing measures concerning domestic electricity and gas markets and electronic communications, and adopting measures to remedy deviations due to gaps between the costs and revenues of the electricity and gas industries (*Real Decreto-ley 13/2012, de 30 de marzo, por el que se transponen directivas en materia de mercados interiores de electricidad y gas y en materia de comunicaciones electrónicas, y por el que se adoptan medidas para la corrección de las desviaciones por desajustes entre los costes e ingresos de los sectores eléctrico y gasista*) ("**RDL 13/2012**") introduced the following measures into the LSH:

Transmission system operators must effectively separate transmission activities from supply and production activities

(a) The owners of facilities belonging to the gas pipeline trunk system must operate and manage their own systems or assign the management thereof to an independent system operator as provided for in the LSH.

(b) Transmission system operators must comply with the following conditions: (i) no individual or legal entity that directly or indirectly controls the transmission system operator may directly or indirectly control a company that pursues natural gas production or supply activities, or vice versa; and (ii) no individual or legal entity that is a member or is entitled to appoint the members of the board of directors or of the bodies that legally represent the transmission system operator may exercise control or rights over a company that carries out the production or supply of natural gas. Transmission system operator personnel may not be transferred to companies that perform production or supply functions.

(c) Enagás may not pursue, through the subsidiaries referred to in 31st Additional Provision of the LSH, activities other than the Technical Management of the System (Enagás GTS), the transmission of natural gas and the management of the transmission network (Enagás Transporte, SAU). Equally, these regulated subsidiaries may not acquire a shareholding in companies with a different corporate purpose.

Access to the transmission system

Circular 8/2019, of 12 December, which establishes the methodology and conditions of access and allocation of capacity in the natural gas system, has established new rules regarding said access and allocation of capacity for all infrastructures included in the gas system. The new regulation homogenises the capacity allocation methodology for all infrastructures (establishing market mechanisms in underground storage and interconnections with Europe and chronological allocation in the rest of infrastructures). With respect to regasification plants, these new rules define a new way of organisation, operation and management of the regasification plants, in which storage and regasification are treated together, as if they were a single plant, creating an LNG virtual storage point. The management of the virtual storage point is attributed to the Technical Manager of the System, for which provisions are made allowing it to evaluate the needs of the system and apply the measures it deems appropriate to do this task efficiently

Regarding access to infrastructures not included in the retribution system, RDL 13/2012 made a series of changes to Article 70 of the LSH, which regulates access to transmission facilities, with a dual purpose: i) to regulate access to the non-basic storage facilities included in the planning on an indicative basis; and ii) to establish cases for the grant of an exemption from the obligation to grant third-party access to new infrastructure or expansions of existing infrastructure.

The following rules apply to access to non-basic storage facilities:

(a) Access shall be negotiated on the basis of transparent, objective and non-discriminatory criteria. Facilities shall be excluded from the natural gas remuneration system.

(b) Owners of non-basic storage facilities shall submit to the CNMC's method for allocating capacity at their facilities and calculating the charges so that the CNMC can verify that the above-mentioned criteria of transparency, objectiveness and non-discrimination are met.

(c) The CNMC and the Ministry for Ecological Transition must also be notified of the main commercial conditions, services offered, contracts signed, list of prices for use of the facilities and any changes thereto, within a maximum period of three months.

(d) In relation to third-party access to new infrastructure or expansions to existing infrastructure, an exemption may exceptionally be granted from the obligation to grant third-party access in relation to certain new infrastructure or to modifications to existing infrastructure that entail a significant increase in capacity or enable the development of new sources of gas supply where so required in light of their particular characteristics, provided that the infrastructure meets the following conditions:

    (1) The investment must enhance competition in gas supply and the security of supply.

    (2) The level of risk attached to the investment must be such that the investment would not take place unless an exemption was granted.

    (3) The infrastructure shall be owned by an entity which is separate at least in terms of its legal form from the system operators in whose systems the infrastructure will be built.

    (4) Charges must be levied on users of that infrastructure.

    (5) The exemption must not be detrimental to competition or to the effective functioning of the EU internal market in natural gas, or to the efficient functioning of the regulated system to which the infrastructure is connected.

Halting procedures

Halting procedures relating to new regasification plants on the Spanish mainland

RDL 13/2012 sets out a transitional system for the authorisation procedures for new regasification plants on the Spanish mainland, with the key terms and conditions described below:

(a) All procedures for the award and grant of permissions for new regasification plants on the Spanish mainland have been halted, including administrative authorisation, authorisation for construction, and the certificate for entry into service of facilities of this kind.

(b) However, Royal Decree 335/2018, of 25 May, amending different Royal Decrees regulating the gas natural sector (*Real Decreto 335/2018, 25 de mayo, por el que se modifican diversos reales decretos que regulan el sector del gas natural*) ("**RD 335/2018**"), has lifted the halting of procedures in regasification plants on the Spanish mainland that are already constructed and pending to be granted with the certificate for entry into service (whose procedure was halted by virtue of RDL 13/2012).

Before entering such regasification plants into service, their owners have to apply for a report to be issued by the Ministry for Ecological Transition, stating that the facilities comply with the technical and economic conditions needed for the provision of the capacity service. Once the plant's owners are provided with a favourable report, may apply for the certificate for entry into service of the corresponding facilities.

(c) *Transitional remuneration is available for (i) owners of regasification plants who, as of the date of entry into force of RDL 13/2012, had applied for the certificate for entry into service, and for whom the procedure for granting the certificate was consequently halted due to the publication of RDL 13/2012, and (ii) owners who, after receiving approval for their construction, decided to go ahead with the construction of the infrastructure and apply for the certificate for entry into service to be issued.*

According to RD 335/2018, once the owners of such regasification plants are provided with the certificate for entry into force, they will cease to receive the transitional remuneration described above and, instead, the ordinary remuneration scheme foreseen in Law 18/2014 will be applicable to them. If the owners of such regasification plants are not provided with a favourable report from the Ministry for Ecological Transition, or are provided with a certificate for entry into service of only a part of their facilities, they will continue receiving the transitional remuneration in relation to the facilities (or part of them) which are not been put into service.

Enagás' Musel regasification plant is affected by the halting measure set forth by RDL 13/2012, as well as by the lift of the halting by virtue of RD 335/2018. Therefore, Enagás is currently entitled to apply for the report of technical and economic conditions to be issued by the Ministry for Ecological Transition and, once it receives such favourable report, to apply for the certificate for entry into force.

That notwithstanding, during the period in which Musel regasification plant has not been put into operation, Enagás has the right to receive a financial compensation to ensure the recovery of the financial costs associated with the delays, as well as a fee for the operation and maintenance costs necessary in order to maintain the plant so that it is ready to be brought into service. For 2020, this compensation has been provisionally established in Annex I.4 of CNMCs Resolution dated 18 December 2019 by means of which retribution for companies carrying out regulated activities is established.

Halting administrative permits for new transmission gas pipelines, and regulation and measurement stations

All of the relevant procedures for gas transmission pipelines and regulation and measurement stations are to be halted, in so far as they: (i) have yet to obtain or apply for an administrative permit; (ii) are included in the

planning document for the electricity and gas industries for 2008-2016; and (iii) are not considered to be international commitments or economically profitable for the system due to increase in associated demand.

However, procedures for individual exceptional applications for these facilities may be resumed by decision of the Council of Ministers. For an application to be exceptional, it is necessary to prove that the failure to build the facility within three years will cause an imminent risk to the security of supply, or an adverse economic impact on the gas system, or that the construction of the facilities is of strategic importance to the country as a whole.

The halting of procedures for administrative permits for new gas transmission pipelines and regulation and measurement stations will not apply to:

(a) gas pipelines used to supply their designated area of influence, provided that the developers of those pipelines evidence their economic profitability on the terms and conditions established in RDL 13/2012; and

(b) the following infrastructure projects under international commitments that have already been adopted: (i) Zarza de Tajo-Yela gas pipeline (infrastructure associated with the Larrau international connection) and (ii) Euskadour compression station (infrastructure associated with the Irún/Biriatou international connection). Both infrastructure projects are already operational.

This measure affects the pipelines and regulation and measurement stations of the basic network included in the mandatory strategic plan, prior to administrative authorisation being given.

Establishment of the organised gas market

Before the enactment of Law 8/2015, the only market in place in Spain was the one made up of the bilateral agreements entered into by the different traders. However, by means of Law 8/2015, an organised secondary market was created with the aims, among others, to introduce transparency in prices and to increase the level of competition in the sector, facilitating the entry of new traders. This organised natural gas market will cover the whole activity performed within the Iberian Peninsula including both the Spanish and Portuguese sides.

Law 8/2015, developed by Royal Decree 984/2015, of 30 October, ruling the Organised Gas Market and third-party access to facilities of the natural gas system (*Real Decreto 984/2015, de 30 de octubre, por el que se regula el mercado organizado de gas y el acceso de terceros a las instalaciones del sistema de gas natural*), assigned the principal functions of the Organised Gas Market Operator to the company MIBGAS, S.A., establishing its functions and role within the gas sector.

Article 65 ter. of LSH, included as per Law 8/2015, entitled "Organised Gas Market Operator", establishes that a company will act as an organised gas market operator and that its shareholders will be made up of any natural or legal persons, with the direct holdings in said company by the Technical Managers of the Spanish and Portuguese gas systems equal to 20%. On 14 June 2016, in compliance with the stipulations of the said Article 65 ter. of LSH, the acquisition of 13.34% of MIBGAS, S.A. by Enagás GTS, S.A.U. became effective.

Adjusting the agreements for international gas transit to the prevailing regulatory framework

The CNMC, in its Board meeting of 11 April 2013, instructed Enagás, S.A. (currently succeeded in its transmission activity by Enagás Transporte, S.A.U.), Galp Gas Natural, S.A., and Gasoducto Al-Ándalus, S.A. to adjust the gas transit agreements to Portugal, signed in 1996 by Transgas, S.A. (currently Galp Gas Natural, S.A.) in order to adapt to the new regulatory framework introduced by Directive 2009/73/EC and Regulation (EC) 715/2009 of the European Parliament and of the Council of 13 July 2009, on conditions for access to the natural gas transmission networks.

With a view to complying with said instruction, Galp Gas Natural, S.A. and Enagás Transporte, S.A.U. signed a Framework Agreement on 27 February 2014 for access to the transmission and distribution system of Enagás Transporte, S.A.U. via international gas pipeline connections with Europe. Subsequently, on 18 November 2014, both companies signed the corresponding agreement for long-term access to transmission and distribution networks and an addendum to the Framework Contract, which took effect on 1 January 2015, thereby complying with all CNMC requirements.

The CNMC considered the adjustments to said agreements for third-party access to the transmission and distribution system to be in compliance with prevailing regulations.

Regulatory framework developments

The main regulatory developments applicable to the gas sector are the following:

Supranational regulations

"Directive (EU) 2018/844 of the European Parliament and of the Council of 30 May 2018", amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency.

"Regulation (EU) 2018/842 of the European Parliament and of the Council of 30 May 2018", on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 contributing to climate action to meet commitments under the Paris Agreement and amending Regulation (EU) 525/2013.

"Directive (EU) 2018/410 of the European Parliament and of the Council of 14 March 2018", amending Directive 2003/87/EC to enhance cost-effective emission reductions and low-carbon investments, and Decision (EU) 2015/1814.

"Commission Regulation (EU) 2018/208 of 12 February 2018", amending Regulation (EU) No 389/2013 establishing a Union Registry.

"Commission Recommendation (EU) 2018/177 of 2 February 2018", on the elements to be included in the technical, legal and financial arrangements between Member States for the application of the solidarity mechanism under Article 13 of Regulation (EU) 2017/1938 of the European Parliament and of the Council concerning measures to safeguard the security of gas supply.

"Commission Decision of 30 January 2018", setting up the Strategic Forum for Important Projects of Common European Interest.

"Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, and the Committee of the Regions, of 23 November 2017", on strengthening Europe's energy networks.

"Commission Delegated Regulation (EU) 2018/540 of 23 November 2017", amending Regulation (EU) 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest.

"Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017", concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010.

"Commission Regulation (EU) 2017/459 of 16 March 2017", establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013.

"Commission Regulation (EU) 2017/460 of 16 March 2017", establishing a network code on harmonised transmission tariff structures for gas.

"Regulation (EC) 715/2009 of the European Parliament and of the Council of 13 July 2009", on conditions for access to the natural gas transmission networks.

Spanish regulations

General regulations

Order TEC/406/2019, of 9 April, establishing the guidelines in energy policy to Spanish Markets and Competition Commission.

Royal Decree-Law 1/2019, of 11 January, on urgent measures to adapt the powers of the Spanish Markets and Competition Commission to the requirements derived from the EU Law in relation to Directives 2009/72/EC and 2009/73/EC of the European Parliament and of the Council, of 13 July 2009, concerning common rules for the internal market in electricity and natural gas.

CNMC Communication 1/2019, which defines the ratios for assesing the debt level and the economical and financial capacity of regulated companies and the recommended values for these ratios.

CNMC Circular 2/2019 which establishes the methodology for calculating the financial remuneration rate for the activities of transportation and distribution of electric energy, and regasification, transportation and distribution of natural gas.

CNMC Circular 8/2019 which establishes the methodology and conditions of access and allocation of capacity in the natural gas system.

CNMC Circular 9/2019 which establishes the methodology to determine the remuneration of natural gas transportation facilities and liquefied natural gas plants.

CNMC Circular 1/2020 which establishes the remuneration methodology for the technical manager of the gas system.

CNMC Circular 2/2020 which sets out the natural gas balance rules.

Royal Decree 335/2018, of 25 May, amending different Royal Decrees regulating the gas natural sector.

Royal Decree 235/2018, of 27 April, establishing calculation methods and information requirements in relation to the intensity of greenhouse gas emission from fuels and the energy in transport; amending Royal Decree 1597/2011, of 4 November, regulating the sustainability criteria of biofuels and bioliquids, the National System of Verification of Sustainability and the double value of certain biofuels for the purpose of computing them; and establishing an indicative target of sale or consumption of advanced biofuels.

Royal Decree 984/2015, of 30 October, ruling the organised gas market and third-party access to facilities of the natural gas system.

Law 8/2015, of 21 May, amending Law 34/1998, of 7 October, on the hydrocarbons sector, and regulating certain tax matters and non-tax matters related to exploration, investigation and exploitation of hydrocarbons.

Law 18/2014, of 15 October, approving urgent measures for the growth, the competitiveness and the efficiency.

Royal Decree-Law 13/2014, of 3 October, approving urgent measures concerning the gas system and the ownership of nuclear power plants.

Royal Decree-Law 8/2014, of 14 July, approving urgent measures for the growth, the competitiveness and the efficiency.

Law 15/2012, of 27 December, on tax measures for energy sustainability.

Royal Decree-Law 13/2012, **of 30 March**, transposing measures concerning domestic electricity and gas markets and electronic communications, and adopting measures to remedy deviations due to gaps between the costs and revenues of the electricity and gas industries.

Law 12/2011, of 27 May, on civil liability for nuclear damages or damages produced by radioactive materials.

Royal Decree-Law 6/2009, **of 30 April**, approving certain measures in the energy sector and establishing the social bond.

Law 12/2007, **of 2 July**, amending Law 34/1998, of 7 October, on the hydrocarbons sector, in order to adapt it to the provisions of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003, concerning common rules for the internal market in natural gas.

Royal Decree 949/2001, **of 3 August**, which regulates third-party access to the gas facilities and determines an integrated economic system of the natural gas sector.

Royal Decree-Law 6/2000, **of 23 June,** on urgent measures to intensify competition in goods and services markets.

Law 34/1998, **of 7 October**, on the hydrocarbons sector.

Royal Decree-Law 7/1996, **of 7 June**, on urgent measures related to tax, promotion and liberalisation of the economic activity

Remuneration, tolls, and royalties

Order TEC/1259/2019, of 20 December 2019, establishing the tolls and royalties for third-party access to gas facilities and the remuneration for regulated underground storages for 2020.

CNMC Resolution, of 18 December 2019, establishing the remuneration for transmission, LNG and distribution regulated gas activities for 2020.

Order TEC/1367/2018, **of 20 December**, establishing the tolls and royalties for third-party access to gas facilities and the remuneration for regulated gas sector activities for 2019.

Resolution 23 December 2019 of the General Directorate for Energy Policy and Mines (*Dirección General de Política Energética y Minas*) ("**DGEPM**"), publishing the tariff of last resort for natural gas.

Resolution of 26 December 2018, publishing the tariff of last resort for natural gas.

Resolution of 25 September 2018 of the DGEPM, publishing the tariff of last resort for natural gas.

Resolution of 28 June 2018 of the DGEPM, publishing the tariff of last resort for natural gas.

Resolution of 23 April 2018 of the DGEPM, establishing the valuation and settlement of balances of measurement differences in the natural gas distribution networks from 1 June 2012 to 31 December 2013.

Resolution of 22 March 2018 of the DGEPM, publishing the tariff of last resort for natural gas.

Resolution of 26 December 2017 of the DGEPM, publishing the tariff of last resort for natural gas.

Order ETU/1283/2017, **of 22 December**, establishing the tolls and royalties for third-party access to gas facilities and remuneration for regulated gas sector activities for 2018.

Resolution of 25 September 2017 of the DGEPM, publishing the tariff of last resort for natural gas.

Resolution of 28 June 2017 of the DGEPM, publishing the tariff of last resort for natural gas.

CNMC Resolution of 20 April 2017, modifying Appendix IV "instructions for filling out forms" of Circular 1/2015, of 22 July, of the CNMC, on the regulatory information regarding costs for regulated transmission, regasification, storage, and technical system management activities for natural gas, as well as transmission and operation of the electricity system.

Resolution of 24 March 2017 of the DGEPM, publishing the tariff of last resort for natural gas.

Correction of errors, of 18 January 2017, of Order ETU/1977/2016, of 23 December, establishing the tolls and royalties for third-party access to gas facilities and the remuneration for regulated gas sector activities for 2017.

Order ETU/1977/2016, of 23 December, establishing the tolls and royalties for third-party access to gas facilities and the remuneration for regulated gas sector activities for 2017.

Resolution of 29 March 2016 of the DGEPM, publishing the tariff of last resort for natural gas.

Resolution of 21 January 2016 of the DGEPM, correcting errors in the Resolution of 23 December 2015, publishing the tariff of last resort for natural gas.

Order IET/2736/2015, of 17 December, establishing the tolls and royalties for third-party access to gas facilities and remuneration for regulated gas sector activities for 2016.

Order IET/389/2015, of 5 March, updating the system of automatic determination of the maximum sale prices, before taxes, of packaged liquefied petroleum gases, and amending the system for the automatic determination of sale tariffs, before taxes, of pipeline liquefied petroleum gases.

Order IET/2805/2012, **of 27 December**, amending Order ITC/3995/2006, of 29 December, determining the remuneration for basic underground natural gas storages.

Order IET/3587/2011, **of 30 December**, establishing the tolls and royalties for third-party access to gas facilities and remuneration for regulated gas sector activities.

Royal Decree 326/2008, **of 29 February**, establishing the remuneration for the transmission of natural gas for facilities put into service after 1 January 2008.

Order ITC/3995/2006, **of 29 December**, determining the remuneration for basic underground natural gas storages.

Order ITC/3994/2006, **of 29 December**, determining the remuneration for regasification activity in the gas industry.

Order ITC/3993/2006, **of 29 December**, determining the remuneration for certain regulated activities in the gas industry.

Order ECO/31/2004, **of 15 January**, determining the remuneration for regulated activities in the natural gas sector.

Order ECO/2692/2002, **of 28 October**, regulating the settlement procedure related to the remuneration for the regulated activities of the natural gas sector and the quotas with specific destinations, and establishing the information system that companies must present.

Operation of the System

Resolution of 4 February 2019 of the DGEPM, establishing the assigned and available capacity for basic underground storage of natural gas for the period from 1 April 2019 to 31 March 2020.

Resolution of 6 June 2018, of the DGEPM, modifying Resolution of 25 July 2006, by virtue of which the conditions for assigning and the procedure applied for the halting of the gas system are regulated.

Resolution of 30 January 2018 of the DGEPM, establishing the assigned and available capacity for basic underground storage of natural gas for the period from 1 April 2018 to 31 March 2019.

Resolution of 18 January 2018 of the CNMC, approving the framework agreement for access to the transmission and distribution system of Enagás Transporte, S.A.U. through international connections by gas pipeline to Europe.

Order ETU/1311/2017, **of 27 December**, approving the quotas of the Corporation of Strategic Reservations of Oil Products corresponding to the year 2018.

Circular 3/2017, **of 22 November**, of the CNMC, relating to the assignment mechanisms with respect to capacity in the international natural gas connections to Europe.

Resolution of the DGEPM of 5 April 2017, establishing the parameters for auctioning capacity in basic storage facilities.

Resolution of 30 March 2017, of the Secretariat of Energy, establishing the procedure for awarding capacity in basic underground storage facilities, as well as injection and extraction rights.

Resolution of 15 March 2017, of the DGEPM, establishing operating gas volume and the volume of gas required for minimum levels in gas pipelines and basic underground storage facilities for the period 2017-2018.

Resolution of 30 January 2017 of the DGEPM, establishing the assigned and available capacity for basic underground storage of natural gas for the period from 1 April 2017 to 31 March 2018.

Resolution of 22 December 2017 of the DGEPM, approving the award of the voluntary market making service in the organised natural gas market during the first half of 2018 to "ENGIE ESPAÑA S.L.U." (not published in the BOE).

Resolution of 6 July 2017 of the DGEPM, approving the award of the role of market maker in the organised gas market to AXPO IBERIA S.L. during the second half of 2017 (not published in the BOE).

Resolution of 20 January 2017 of the DGEPM, approving the award of the role of market maker in the organised natural gas market to "GUNVOR INTERNATIONAL B.V. AMSTERDAM, GENEVA BRAND."

Resolution of 11 December 2017 of the State Secretariat for Energy (SEE), establishing the conditions for the rendering of obligatory market making services by the dominant operators in the natural gas market.

Resolution of 14 November 2017 of the SEE, publishing the Resolution of the Council of Ministers of 10 November 2017, establishing the obligation to present purchase and sales offers to the dominant natural gas market operators.

Resolution of 27 November 2017 of the DGEPM, approving the Winter Action Plan for operation of the gas system.

Resolution of 21 July 2017 of the DGEPM, partially modifying the appendix to the Resolution of 3 May 2010, approving the models for statements of responsibility and communication of initiation of the various marketing activities in the hydrocarbons sector.

Resolution of 5 July 2017 of the DGEPM, updating and publishing the Preventive Action Plan and the Emergency Plan of the Spanish gas system.

Resolution of 16 June 2017 of the DGEPM, modifying Resolution of 25 July 2006, by virtue of which the conditions for assigning and the procedure applied for the halting of the gas system are regulated.

Order ETU/175/2017, **of 24 February**, determining the transfer of customers from Investigación Criogenia y Gas, S.A. to a last resort supplier and establishing the supply terms for said customers.

Resolution of 15 February 2017 of the DGEPM, by virtue of which Investigación, Criogenia y Gas, S.A. was disqualified from performing natural gas supply activities.

Announcement of 24 January of the Sub-directorate General of Hydrocarbons, publishing the Resolution of the DGEPM by virtue of which the debarment procedure was initiated with respect to Investigación, Criogenia y Gas, S.A. in connection with the activity of supplying natural gas; and another Resolution by virtue of which the transfer procedure was initiated with respect to the customers of said company to a last resort supplier as well as determining the supply terms for said customers.

Circular 2/2015, of 22 July, of the CNMC, establishing the balancing rules in the transmission network of the natural gas system.

Royal Decree 919/2006, **of 28 July**, approving the technical regulations for the distribution and use of gaseous fuels and their supplementary technical instructions ICG 01 to 11.

Order ITC/3126/2005, of 5 October, approving the technical rules for the management of the natural gas system.

Royal Decree 1716/2004, **of 14 July**, which regulates the obligation to maintain minimum safety stocks and to diversify natural gas supplies and the corporation for strategic reserves of petroleum products.

Royal Decree 1434/2002, **of 27 December**, which regulates the transmission, distribution, wholesaling and supply activities and the authorisation procedures of natural gas facilities.

Certain Financial Information in respect of Enagás

The financial information disclosed by Enagás contains figures and measurements prepared in line with applicable accounting legislation, in addition to a series of measurements prepared in accordance with established reporting standards and developed internally, known as Alternative Performance Measures ("**APMs**").

These APMs are considered to be adjusted figures compared to those disclosed under International Financial Reporting Standards as adopted in the EU (IFRS-EU), which constitute the applicable accounting framework for the Group's consolidated financial statements, and should therefore be considered as supplementary yet not replacements thereof.

APMs are important for financial information users because they are the measures that Enagás' management employs to assess financial performance, cash flows and financial position for Group operational or strategic decision-making. These APMs are consistent with the main indicators used by the investment and analyst community in capital markets.

TAXATION AND DISCLOSURE OF INFORMATION IN CONNECTION WITH THE NOTES

Spanish Tax Considerations

Introduction

The following summary describes the main Spanish tax implications arising in connection with the acquisition and holding of the Notes, Coupons or Talons by individuals or entities who are the beneficial owners of the Notes (for the purposes of this section, "**Noteholders**" and each a "**Noteholder**"). The information provided below does not purport to be a complete analysis of the tax law and practice currently applicable in Spain and does not purport to address the tax consequences applicable to all categories of investors, some of which may be subject to special rules.

All the tax consequences described in this section are based on the general assumption that the Notes are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg.

Prospective purchasers of the Notes, Coupons or Talons should consult their own tax advisors as to the tax consequences, including those under the tax laws of the country of which they are resident, of purchasing, owning and disposing of Notes, Coupons or Talons. It does not consider every aspect of taxation that may be relevant to a particular holder of Notes under special circumstances or who is subject to special treatment under applicable law or to the special tax regimes applicable in the Basque Country and Navarra (*Territorios Forales*).

The summary set out below is based upon Spanish law as in effect on the date of this Prospectus and is subject to any change in such law that may take effect after such date, including changes with retroactive effect. Where in this summary English terms and expressions are used to refer to Spanish concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Spanish concepts under Spanish tax law. This summary assumes that each transaction with respect to the Notes is at arm's length.

This information has been prepared in accordance with the following Spanish tax legislation in force at the date of this Prospectus:

(a) of general application, Additional Provision One of Law 10/2014 of 26 June ("**Law 10/2014**"), on organisation, supervision and solvency of credit institutions, as well as Royal Decree 1065/2007 of 27 July, approving the General Regulations of the tax inspection and management procedures and developing the common rules of the procedures to apply taxes ("**Royal Decree 1065/2007**"), as amended by Royal Decree 1145/2011 of 29 July ("**Royal Decree 1145/2011**");

(b) for individuals resident for tax purposes in Spain who are Personal Income Tax ("**PIT**") tax payers, Law 35/2006, of 28 November, on the PIT and on the partial amendment of the Corporate Income Tax Law, Non-Resident Income Tax Law and Wealth Tax Law, as amended (the "**PIT Law**") and Royal Decree 439/2007, of 30 March approving the PIT Regulations which develop the PIT Law, as amended, Law 19/1991, of 6 June on Wealth Tax (the "**Wealth Tax Law**"), and Law 29/1987, of 18 December on Inheritance and Gift Tax, as amended (the "**Inheritance and Gift Tax Law**");

(c) for legal entities resident for tax purposes in Spain which are Corporate Income Tax ("**CIT**") taxpayers, Law 27/2014, of 27 November on Corporate Income Tax (the "**CIT Law**") and Royal Decree 634/2015, of 10 July promulgating the Corporate Income Tax Regulations (the "**CIT Regulations**"), as amended; and

(d) for individuals and entities who are not resident for tax purposes in Spain which are Non-Resident Income Tax ("**NRIT**") taxpayers, Royal Legislative Decree 5/2004, of 5 March, promulgating the

Consolidated Text of the NRIT Law, as amended and Royal Decree 1776/2004, of 30 July, promulgating the NRIT Regulations, as amended. In addition, Law 19/1991, of 6 June 1991 on Wealth Tax as amended and Law 29/1987, of 18 December 1987 on Inheritance and Gift Tax, as amended.

Whatever the nature and residence of the beneficial owner, the acquisition and transfer of the Notes will be exempt from indirect taxes in Spain, for example, exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

Whatever the nature and residence of the Noteholder, the acquisition and transfer of Notes will be exempt from indirect taxes in Spain, i.e., exempt from Transfer Tax and Stamp Duty, in accordance with the consolidated text of such tax promulgated by Royal Legislative Decree 1/1993, of 24 September, and exempt from Value Added Tax, in accordance with Law 37/1992, of 28 December, regulating such tax.

Individuals with Tax Residence in Spain

Personal Income Tax (Impuesto sobre la Renta de las Personas Físicas)

Both interest payments periodically received and income derived from the transfer, redemption or exchange of the Notes constitute a return on investment obtained from the transfer of a person's own capital to third parties in accordance with the provisions of Section 25 of the PIT Law, and therefore must be included in the investor's PIT savings taxable base pursuant to the provisions of the aforementioned law and taxed at the tax rate applicable from time to time, currently at the rate of 19 per cent. for taxable income up to €6,000, 21 per cent. for taxable income between €6,000.01 and €50,000 and 23 per cent. for taxable income in excess of €50,000.

As a general rule, both types of income are subject to a withholding tax on account at the rate of 19 per cent. However, the Issuer considers that, according to Royal Decree 1065/2007, as amended by Royal Decree 1145/2011it is not obliged to withhold any tax amount provided that the simplified information procedures (which do not require identification of the Noteholders) described in "Disclosure of Information in Connection with the Notes" below are complied with by the Paying Agent.

Notwithstanding the above, withholding tax at the applicable rate of 19 per cent. may have to be deducted by other entities (such as depositaries, institutions or financial entities), provided that such entities are resident for tax purposes in Spain or have a permanent establishment in Spanish territory.

However, regarding the implementation of Royal Decree 1065/2007 refer to "Risk Factors – Risks Related to the Issuer and the Guarantor − Risks related to the Spanish Withholding Tax".

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against their final PIT liability.

Wealth Tax (Impuesto sobre el Patrimonio)

Individual Holders with tax residence in Spain are subject to Spanish Wealth Tax (*Impuesto sobre el Patrimonio*) on all their assets (such as the Notes) owned every 31 December irrespective of where the assets are located.

Wealth Tax Law exempts from taxation the first €700,000 of net wealth owned by an individual Spanish Noteholder. Some additional exemptions may apply on specific assets; those exemptions do not generally apply to the Notes; the rest of the net wealth is taxed at rates ranging between 0.2 per cent. to 2.5 per cent. However, this taxation may vary depending on the Spanish autonomous community of residence of the corresponding Noteholder.

In accordance with Article 3 of Royal Decree-Law 18/2019, of 27 December (*Real Decreto-Ley 18/2019, de 27 de diciembre*), from the year 2021, a full exemption on Wealth Tax would apply (*bonificación del 100%*) unless such exemption is revoked or postponed.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals resident in Spain for tax purposes who acquire ownership or other rights over any Notes by inheritance, gift or legacy will be subject to the Spanish Inheritance and Gift Tax in accordance with the applicable Spanish regional and State rules. The applicable tax rates currently range between 0 per cent. and 81.6 per cent. depending on relevant factors. However, this taxation may vary depending on the Spanish autonomous community of residence of the corresponding Noteholder.

Legal Entities with Tax Residence in Spain

Corporate Income Tax (Impuesto sobre Sociedades)

Both interest periodically received and income deriving from the transfer, redemption or repayment of the Notes constitute a return on investments for tax purposes obtained from the transfer to third parties of own capital and must be included in the profit and taxable income of legal entities with tax residency in Spain for corporation tax purposes in accordance with the CIT rules. The current general tax rate according to CIT Law is 25 per cent.

Pursuant to Section 61.s of the CIT Regulations, there is no obligation to make a withholding on income obtained by taxpayers subject to Spanish CIT (which for the avoidance of doubt, include Spanish tax resident investment funds and Spanish tax resident pension funds) from financial assets traded on organised markets in OECD countries. However, in the case of Notes held by a Spanish resident entity and deposited with a Spanish resident entity acting as depositary or custodian, payments of interest and income deriving from the transfer may be subject to withholding tax at the current rate of 19 per cent. Such withholding may be made by the depositary or custodian if the Notes do not comply with the exemption requirements specified in the ruling issued by the Spanish Tax Authorities (*Dirección General de Tributos*) dated 27 July 2004 (that is, placement of the Notes outside of Spain in another OECD country and admission to listing of the Notes on an organised market in an OECD country other than Spain).

According to Royal Decree 1145/2011, in the case of listed debt instruments issued under Law 10/2014 and initially registered in a foreign clearing and settlement entity that is recognised under Spanish regulations or under those of another OECD member state (such as the Notes issued by the Issuer), interest paid to investors should be paid free of Spanish withholding tax. Thus, the Issuer will pay the whole amount, provided that the simplified information procedures as described in "—Disclosure of Information in Connection with the Notes" below are complied with. However, regarding the interpretation of Royal Decree 1145/2011 please refer to "Risk Factors – Risks Related to the Issuer and the Guarantor — Risks related to the Spanish Withholding Tax".

Notwithstanding the above, amounts withheld, if any, may be credited by the relevant investors against its final CIT liability.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Legal entities resident in Spain for tax purposes which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to the Spanish Inheritance and Gift Tax but must include the market value of the acquired Notes in their taxable income for Spanish CIT purposes.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Legal entities resident in Spain for tax purposes are not subject to Net Wealth Tax.

Individuals and Legal Entities with no Tax Residence in Spain

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) — Non-resident investors acting through a permanent establishment in Spain.

Ownership of the Notes by investors who are not resident for tax purposes in Spain will not in itself create the existence of a permanent establishment in Spain.

If the Notes form part of the assets of a permanent establishment in Spain of a person or legal entity who is not resident in Spain for tax purposes, the tax rules applicable to income deriving from such Notes are, generally, the same as those previously set out for Spanish CIT taxpayers. See "— Legal Entities with Tax Residence in Spain — Corporate Income Tax (*Impuesto sobre Sociedades*)."

Non-Resident Income Tax (Impuesto sobre la Renta de no Residentes) — Non-Spanish tax resident investors not acting through a permanent establishment in Spain.

Both interest payments periodically received and income derived from the transfer, redemption or reimbursement of the Notes obtained by individuals or entities who are not resident in Spain for tax purposes and do not act, with respect to the Notes, through a permanent establishment in Spain, are exempt from NRIT.

According to Royal Decree 1065/2007, Spanish issuers, including in this case the Issuer, will not be obliged to withhold provided that the information procedures described in "Disclosure of Information in Connection with the Notes" below are complied with.

Inheritance and Gift Tax (Impuesto sobre Sucesiones y Donaciones)

Individuals who do not have tax residency in Spain and who acquire ownership or other rights over the Notes by inheritance, gift or legacy will not be subject to Inheritance and Gift Tax in Spain if the country in which such individual resides has entered into a double tax treaty with Spain in relation to Inheritance and Gift Tax unless otherwise provided under that double tax treaty. In such case, the individual will be subject to the relevant double tax treaty. In the absence of such treaty between the individual's country of residence and Spain, the individual will be subject to Inheritance and Gift tax in accordance with the applicable regional and state legislation.

If no treaty for the avoidance of double taxation in relation to Inheritance and Gift Tax ("**IGT**") applies, applicable IGT rates would range between 0 per cent. and 81.6 per cent., depending on relevant factors.

Generally, non-Spanish tax resident individuals are subject to the Spanish IGT according to the rules set forth in the Spanish state level or relevant autonomous region law. As such, prospective investors should consult their tax advisers.

Non-resident legal entities which acquire ownership or other rights over the Notes by inheritance, gift or legacy are not subject to Inheritance and Gift Tax. They will be subject to Non-Resident Income Tax, if applicable. If the entity is resident in a country with which Spain has entered into a double tax treaty, the provisions of the treaty will apply. In general, tax treaties provide for the taxation of this type of income in the country of residence of the beneficiary.

Net Wealth Tax (Impuesto sobre el Patrimonio)

Individuals resident in a country with which Spain has entered into a double tax treaty in relation to Wealth Tax would generally not be subject to such tax. Otherwise, individuals who do not have tax residency in Spain are subject to Spanish Wealth Tax which imposes a tax on property and rights in excess of €700,000 that are located in Spain, or can be exercised within the Spanish territory, on the last day of any year (such as the Notes). Individuals whose net worth is above €700,000 and who hold Notes on the last day of any year would therefore be subject to Spanish Wealth Tax for such year at marginal rates varying between 0.2 per cent. and 2.5 per cent. of the value of the Notes.

Non-Spanish tax resident individuals who are resident in an EU or European Economic Area Member State may apply the rules approved by the autonomous region where the assets and rights with more value are situated. As such, prospective investors should consult their tax advisers.

In accordance with Article 3 of Royal Decree-Law 18/2019, of 27 December (*Real Decreto-Ley 18/2019, de 27 de diciembre*), from the year 2021, a full exemption on Net Wealth Tax would apply (*bonificación del 100%*) unless such exemption is revoked or postponed.

Non-Spanish resident legal entities are not subject to Wealth Tax.

Disclosure of Information in Connection with the Notes

In accordance with Section 5 of Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011 and provided that the Notes issued by the Issuer are initially registered for clearance and settlement in Euroclear and Clearstream, Luxembourg, the Paying Agent should provide the Issuer with a declaration, a form of which is included in the Agency Agreement which should include the following information:

(a) Description of the Notes;

(b) Payment date;

(c) Total amount of income derived from the Notes;

(d) Total amount of income allocated to each non-Spanish clearing and settlement entity involved.

For these purposes "income" means interest and the difference if any, between the aggregate redemption price paid upon the redemption of the Notes and the issue price of the Notes.

According to section 6 of Article 44 of Royal Decree 1065/2007, the relevant declaration will have to be provided to the Issuer as at the business day immediately prior to each interest payment date. If this requirement is complied with, the Issuer will pay gross (without deduction of any withholding tax) all interest under the Notes to all Noteholders (irrespective of whether they are tax resident in Spain).

In the event that the Paying Agent designated by the Issuer were to fail to provide the information detailed above, according to section 7 of Article 44 of Royal Decree 1065/2007, the Issuer (or the Paying Agent acting on instructions from the Issuer) would be required to withhold tax from the relevant interest payments at the general withholding tax rate (currently, 19 per cent.). If on or before the 10th day of the month following the month in which the interest is payable, the Paying Agent designated by the Issuer were to submit such information, the Issuer (or the Paying Agent acting on instructions from the Issuer) would refund the total amount of taxes withheld.

Notwithstanding the foregoing, the Issuer has agreed that in the event that withholding tax were required by law, the Issuer, failing which the Guarantor, would pay such additional amounts as will result in receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction, except as provided in "Terms and Conditions of the Notes - Taxation".

Regarding the interpretation of Royal Decree 1065/2007, please refer to "Risk Factors – Risks Related to the Issuer and the Guarantor — Risks related to the Spanish Withholding Tax".

Payments under the Guarantee

On the basis that payments of principal and interest made by the Guarantor under the Guarantee are characterised as an indemnity under Spanish law, such payments may be made free of withholding or deduction on account of any Spanish tax. However, although there is no precedent or regulation on the matter, if the Spanish tax authorities take the view that the Guarantor has effectively assumed the obligations of the Issuer under the Notes (whether contractually or by any other means), the Spanish tax authorities may determine that

payments made by the Enagás as Guarantor, relating to interest on the Notes, will be subject to the same tax rules set out above for payments made by the Issuer.

Disclosure of Noteholder Information in Connection with the Redemption or Repayment of Zero Coupon Notes

In accordance with Article 44 of Royal Decree 1065/2007, as amended by Royal Decree 1145/2011, in the case of Zero Coupon Notes with a maturity of 12 months or less, the information obligations established in Section 44 (see "– Disclosure of Information in Connection with the Notes" above) will have to be complied with upon the redemption or repayment of the Zero Coupon Notes.

If the Spanish tax authorities consider that such information obligations must also be complied with for Zero Coupon Notes with a longer term than 12 months, the Issuer will, prior to the redemption or repayment of such Notes, adopt the necessary measures with the Clearing Systems in order to ensure its compliance with such information obligations as may be required by the Spanish tax authorities from time to time.

The Proposed Financial Transactions Tax (FTT)

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the Commission's Proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Similarly, the timing of the enactment of the Commission's Proposal, if at all, as well as the number of Member States who may elect to participate, is uncertain to date. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

In Spain, on 30 April 2019, the interim government submitted to the European Commission the "Update of the Stability Programme 2019-2022" (*Actualización del Programa de Estabilidad 2019-2022*). This report is not equivalent to a draft law, but it includes the economic projections for 2019-2022 and confirms the intention of the new government to approve the Spanish FTT, stating that "*the creation of the Tax on Financial Transactions will be relaunched*".

In this vein, on 18 February 2020 the Spanish government passed a draft law for introducing the FTT in Spain (the "**Spanish FTT**") which was submitted for discussions to the Spanish Parliament on 28 February 2020. In principle, the Spanish FTT should not affect transactions involving bonds or debt or analogous instruments. Nevertheless, it would likely tax the acquisition of listed shares (including the transfer or conversion) of Spanish companies with a market capitalisation of more than €1 billion, at a tax rate of 0.2%, regardless of the jurisdiction of residence of the parties involved in the transaction.

Foreign Account Tax Compliance Act

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes ("**foreign pass thru payments**") to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions including Spain have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("**IGAs**"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Certain aspects of the application of the FATCA provisions and IGAs to instruments such as the Notes, including whether withholding would ever be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, are uncertain and may be subject to change. Even if withholding would be required pursuant to FATCA or an IGA with respect to payments on instruments such as the Notes, such withholding would not apply prior to the date that is two years after the date on which final regulations defining foreign passthru payments are published in the U.S. Federal Register, and Notes characterised as debt (or which are not otherwise characterised as equity and have a fixed term) for U.S. federal tax purposes that are issued on or prior to the date that is six months after the date on which final regulations defining foreign passthru payments are filed with the U.S. Federal Register generally would be "grandfathered" for purposes of FATCA withholding unless materially modified after such date. Holders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event any withholding would be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person will be required to pay additional amounts as a result of the withholding.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 11 May 2020 (the "**Dealer Agreement**") between the Issuer, the Guarantor, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the Issuer to the Permanent Dealers. However, the Issuer has reserved the right to sell Notes directly on its own behalf to Dealers that are not Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the Issuer through the Dealers, acting as agents of the Issuer. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer has agreed to reimburse the Arranger for all expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

The Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

Selling Restrictions

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of an identifiable Tranche of which such Notes are a part, as determined and certified to the Fiscal Agent by such Dealer (or, in the case of an identifiable Tranche sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable Tranche purchased by or through it, in which case the Fiscal Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable Tranche, an offer or sale of Notes within the United States by any Dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

Prohibition of Sales to EEA and UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the European Economic Area or in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

United Kingdom

Each Dealer has represented and agreed that:

(i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Spain

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes may only be offered or sold in Spain to professional clients (*clientes profesionales*) as defined in Article 205 of the Restated Spanish Securities Market Act approved by Royal Legislative Decree 4/2015, of 23 October 2015 (*Real Decreto Legislativo 4/2015, de 23 de octubre, por el que se aprueba el texto refundido de la Ley del Mercado de Valores*) (the "**Spanish Securities Market Law**") and Article 58 of Royal Decree 217/2008, of 15 February 2008 (*Real Decreto 217/2008, de 15 de febrero, sobre el régimen jurídico de las empresas de servicios de inversión y de las demás entidades que prestan servicios de inversión y por el que se modifica parcialmente el Reglamento de la Ley 35/2003, de 4 de noviembre, de Instituciones de Inversión Colectiva, aprobado por el Real Decreto 1309/2005, de 4 de noviembre*), and eligible counterparties (*contrapartes elegibles*) as defined in Article 207 of the Spanish Securities Market Law, and in accordance with the provisions of the Spanish Securities Market Law and further developing legislation. This Prospectus has not been registered with the CNMV and is not therefore intended to be used for any public offer of Notes in Spain non-exempted from the prospectus requirements.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No.25 of 1948, as amended, the "Financial Instruments and Exchange Act"). Accordingly, each Dealer

has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, a resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

Italy

The offering of the Notes has not been registered with the Commissione Nazionale per le Società e la Borsa ("**CONSOB**") pursuant to Italian securities legislation and, accordingly, no Notes may be offered, sold or delivered, nor may copies of the Prospectus or of any other document relating to any Notes be distributed in Italy, except to qualified investors (*investitori qualificati*) as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the PD Regulation) and any applicable provision of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian CONSOB regulations or in any other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the Prospectus Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws. In any event, any offer, sale or delivery of the Notes or distribution of copies of the Prospectus or any other document relating to the Notes in Italy must be: (i) made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 20307 of 15 February 2018 and Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**"); (ii) in compliance with any other applicable laws and regulations or requirements imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time), and/or any other Italian authority.

Hong Kong

Each of the Dealers has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes, except for Notes which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**"), other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

People's Republic of China

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that the Notes are not being offered or sold and may not be offered or sold, directly or indirectly, in the PRC except as permitted by applicable laws of the PRC.

General

These selling restrictions may be modified by the agreement of the Issuer, the Guarantor and the Dealers following a change in a relevant law, regulation or directive. Any such modification will be set out in the Final Terms issued in respect of the issue of Notes to which it relates or in a supplement to this Prospectus.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of the Prospectus or any other offering material or any Final Terms, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it shall, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Prospectus, any other offering material or any Final Terms therefore in all cases at its own expense.

FORM OF FINAL TERMS

The form of Final Terms that will be issued in respect of each Tranche, subject only to the deletion of non-applicable provisions, is set out below:

PRIIPs Regulation / PROHIBITION OF SALES TO EEA AND UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the Insurance Distribution Directive), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by the PRIIPs Regulation for offering or selling the Notes or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPS Regulation.

MIFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Consider any negative target market*]. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.

Final Terms dated [●]

Enagás Financiaciones, S.A.U.
(*Incorporated with limited liability in the Kingdom of Spain*)

(LEI: 213800H2FQSU5E19V152)

Issue of **[Aggregate Nominal Amount of Tranche] [Title of Notes]**

Guaranteed by

Enagás, S.A.
(*Incorporated with limited liability in the Kingdom of Spain*)

(LEI: 213800OU3FQKGM4M2U23)

under the **€4,000,000,000**

Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Prospectus dated 11 May 2020 [and the Prospectus supplement dated [●]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of the Prospectus Regulation and must be read in conjunction with such Prospectus [as so supplemented]. Full information on the Issuer, the Guarantor and the offer

of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus [as so supplemented]. The Prospectus [and/,] the Final Terms [and the Prospectus supplement] [have] been published on the website of the Luxembourg Stock Exchange at www.bourse.lu and [are] available for viewing during normal business hours at Paseo de los Olmos, 19, 28005 Madrid, Spain (being the registered office of the Issuer and the Guarantor).]

(The following alternative language applies if the first tranche of an issue which is being increased was issued under a Prospectus with an earlier date.)

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "**Conditions**") contained in the Agency Agreement dated [8 May 2012/26 April 2013/13 May 2014/18 May 2015/11 May 2016] and set forth in the Prospectus dated [8 May 2012/26 April 2013/13 May 2014/18 May 2015/11 May 2016]. This document constitutes the Final Terms of the Notes described herein for the purposes of Article 8 of Regulation (EU) 2017/1129 (the "**Prospectus Regulation**") and must be read in conjunction with the Prospectus dated 11 May 2020 [and the Prospectus supplement dated [●]], which [together] constitute[s] a base prospectus for the purposes of the Prospectus Regulation, save in respect of the Conditions which are extracted from the Prospectus dated [8 May 2012/26 April 2013/13 May 2014/18 May 2015/11 May 2016] and incorporated by reference into the Prospectus dated 11 May 2020. Full information on the Issuer, the Guarantor and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectuses dated [8 May 2012/26 April 2013/13 May 2014/18 May 2015/11 May 2016 and 11 May 2020 [and the Prospectuses supplements dated [●] and [●]]. The Prospectuses [and/,] the Final Terms [and the Prospectuses supplements] [have] been published on the website of the Luxembourg Stock Exchange at www.bourse.lu and [are] available for viewing during normal business hours at Paseo de los Olmos, 19, 28005 Madrid, Spain (being the registered office of the Issuer and the Guarantor).]

(Include whichever of the following apply or specify as "Not Applicable" (N/A). Note that the numbering should remain as set out below, even if "Not Applicable" is indicated for individual paragraphs or sub-paragraphs. Italics denote guidance for completing the Final Terms.)

1	(i)	Series Number:	[●]
	(ii)	Tranche Number:	[●]
	(iii)	Date on which the Notes become fungible:	[Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the existing notes with Series number [●] on [*insert date/the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 21 below* [which is expected to occur on or about [*insert date*]]].]
2		Specified Currency or Currencies:	[●]
3		Aggregate Nominal Amount of Notes:	[●]
	(i)	Series:	[●]
	(ii)	Tranche:	[●]

4	Issue Price:		[●] per cent. of the Aggregate Nominal Amount [plus [●] corresponding to the accrued interest for the period commencing on, and including [●] to, but excluding the Issue Date.]
5	(i)	Specified Denominations:	[●]
	(ii)	Calculation Amount:	[●]
6	(i)	Issue Date:	[●]
	(ii)	Interest Commencement Date	[[●]]/[Issue Date]/[Not Applicable]
7	Maturity Date:		[[●]]/[Interest Payment Date falling in or nearest [●]]
8	Interest Basis:		[[●] per cent. Fixed Rate (see item 14 below)] [[●] month [LIBOR]/[SONIA]/[EURIBOR] +/– [●] per cent. Floating Rate (see item 15 below)] [Zero Coupon (see item 16 below)]
9	Redemption/Payment Basis:		Subject to any purchase and calculation or early redemption, the Notes will be redeemed on the Maturity Date at [●] [100] per cent. of their nominal amount.
10	Change of Interest Basis		[Applicable]/[Not Applicable]
11	Put/Call Options:		[Put Option] [Issuer Call] [Residual Maturity Call Option] [Substantial Purchase Event] [Not Applicable]
12	Date Board approval for issuance of Notes and Guarantee obtained:		[●] [and [●], respectively] (*N.B. Only relevant where Board (or similar) authorisation is required for the particular tranche of Notes or related Guarantee*)
13	Method of distribution:		[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14	Fixed Rate Note Provisions		[Applicable]/[Not Applicable]

		(*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	(i) Rate[(s)] of Interest:	[●] per cent. per annum [payable [annually/semi-annually/quarterly/monthly/other (*specify*)] in arrear]
	(ii) Interest Payment Date(s):	[●] in each year [adjusted in accordance with [●] (*specify Business Day Convention and any applicable Business Centre(s) for the definition of "Business Day"*)/not adjusted]
	(iii) Fixed Coupon Amount[(s)]	[[●] per Calculation Amount]/[Each Fixed Coupon Amount shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount by the Day Count Fraction and rounding the resultant figure to the nearest CNY0.01, CNY0.005, being rounded upwards.]
	(iv) Broken Amount(s):	[[●] per Calculation Amount payable on the Interest Payment Date falling [in/on] [●]/Not Applicable]
	(v) Day Count Fraction:	[Actual/Actual] / [Actual/Actual-ISDA]/[Actual / 365 (Fixed)] / [Actual/365 (Sterling)] / [Actual/360] / [30/360] / [30E/360] / [30E/360(ISDA)] / [Actual/Actual-ICMA]
	(vi) Determination Dates:	[[●]]/[Not Applicable]
15	Floating Rate Note Provisions	[Applicable]/[Not Applicable]
		(*If not applicable, delete the remaining sub- paragraphs of this paragraph*)
	(i) Interest Period(s):	[●]
	(ii) Specified Interest Payment Dates:	[[●] each year]/[Not Applicable]
	(iii) First Interest Payment Date	
	(iv) Interest Period Date:	[●] (*Not applicable unless different from Interest Payment Date*)
	(v) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/ Modified Following Business Day Convention/Preceding Business Day Convention]
	(vi) Business Centre(s):	[[●]]/[Not Applicable]
	(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
	(viii) Party responsible for calculating the Rate(s) of Interest and/or Interest Amount(s) (if not the [Agent]):	[●]

(ix)	Screen Rate Determination:	
	– Reference Rate:	[●]/[LIBOR]/[SONIA]/[EURIBOR]
	– Reference Banks:	[●]
	– Interest Determination Date(s):	[●]/[[●] London Banking Days prior to the Interest Payment Date for the relevant Interest Period]
	– p:	[●]
	– Relevant Screen Page:	[●]
(x)	ISDA Determination:	
	– Floating Rate Option:	[●]
	– Designated Maturity:	[●]
	– Reset Date:	[●]
	– [ISDA Benchmarks Supplement:	[Applicable/Not Applicable]]
(xi)	Linear Interpolation	[Not Applicable/Applicable – the Rate of Interest for the [long/short] [first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
(xii)	Margin(s):	[+/-][●] per cent. per annum
(xiii)	Minimum Rate of Interest:	[●] per cent. per annum
(xiv)	Maximum Rate of Interest:	[●] per cent. per annum
(xv)	Day Count Fraction:	[Actual/Actual / Actual/Actual-ISDA/Actual / 365 (Fixed) / Actual/365 (Sterling) / Actual/360 / 30/360 / 30E/360 / 30E/360(ISDA) / Actual/Actual-ICMA]]

16	Zero Coupon Note Provisions	[Applicable]/[Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
	Amortisation Yield:	[●] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

17	Call Option	[Applicable]/[Not Applicable] (*If not applicable, delete the remaining sub- paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note:	[[●] per Calculation Amount/Condition 6(b) applies]/[Make-Whole Amount]
(iii)	Make-whole Amount:	[Applicable/Not Applicable] (*If not applicable, delete the remaining subparagraphs of this paragraph*)
	(a) Reference Note:	[[●]/Not Applicable]

		(*If not applicable, delete the remaining subparagraphs of this paragraph*)
	Redemption Margin:	[●]
	Financial Adviser:	[●]
	Quotation Time:	[●]
	(b) Discount Rate:	[[●]/Not Applicable]
	(c) Make-whole Exemption Period:	[Not Applicable]/[From (and including) [●] to (but excluding) [●]/the Maturity Date]
(iv)	If redeemable in part:	
	(a) Minimum Redemption Amount:	[●] per Calculation Amount
	(b) Maximum Redemption Amount:	[●] per Calculation Amount
(iv)	Notice period	[●]
18	Put Option	[Applicable/Not Applicable] (*If not applicable, delete the remaining sub-paragraphs of this paragraph*)
(i)	Optional Redemption Date(s):	[●]
(ii)	Optional Redemption Amount(s) of each Note:	[[●] per Calculation Amount/Condition 6(b) applies]
(iii)	Notice period	[●]
19	Residual Maturity Call Option	[Applicable/Not Applicable]
(i)	Notice period	[●]
(ii)	Date fixed for redemption	[●]
20	Substantial Purchase Event	[Applicable/Not Applicable]
(i)	Notice period	[●]
(ii)	Percentage	[●] per cent.
21	Final Redemption Amount of each Note	[●] per Calculation Amount
22	Early Redemption Amount	[●]
	Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption:	[●]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

23	Form of Notes:	**Bearer Notes:** [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note] [Temporary Global Note exchangeable for Definitive Notes] (*N.B. In relation to any issue of Notes which are expressed to be represented by a Temporary Global Note exchangeable for Definitive Notes in accordance with this option, such notes may only be issued in denominations equal to, or greater than €100,000 (or equivalent) and integral multiples thereof.*) [Permanent Global Note exchangeable for Definitive Notes in the limited circumstances specified in the Permanent Global Note]
24	New Global Note:	[Yes]/[No]
25	Financial Centre(s) or other special provisions relating to payment dates:	[Not Applicable/*give details. Note that this paragraph relates to the date of payment, and not the end dates of interest periods for the purposes of calculating the amount of interest, to which sub paragraph 15(v) relates*]
26	Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature):	[Yes/No. If yes, give details]
27	Instruments where the Specified Currency is Renminbi: Party responsible for calculating the Spot Rate:	[●]

DISTRIBUTION

28	If syndicated, names of Managers:	[Not Applicable]/[[●]]
29	If non-syndicated, name of relevant Dealer:	[Not Applicable]/[[●]]

30	U.S. Selling Restrictions:	[Reg. S Compliance Category [1/2/3]; [TEFRA C/ TEFRA D/ TEFRA not applicable]

THIRD PARTY INFORMATION

[[●] has been extracted from [●]. Each of the Issuer and the Guarantor confirm that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of Enagás Financiaciones, S.A.U.:

By: .....

Duly authorised

Signed on behalf of Enagás, S.A.:

By: .....

Duly authorised

PART B – OTHER INFORMATION

1 LISTING AND ADMISSION TO TRADING

(i) Admission to listing and trading:	[Application has been made by the Issuer (or on its behalf) for the Notes to be listed on [the official list of the Luxembourg Stock Exchange/[●]] with effect from [●]] [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the regulated market of the Luxembourg Stock Exchange/[●]] with effect from [●]] (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading.*)
(ii) Estimate of total expenses related to admission to trading:	[●]

2 RATINGS

Ratings:	The Notes to be issued have been rated: [S&P: [●]] [[Fitch: [●]] [[Other]: [●]] (*The above disclosure should reflect the rating allocated to Notes of the type being issued under the Programme generally or, where the issue has been specifically rated, that rating.*) *(Insert one (or more) of the following options, as applicable)* [[●] (*Insert legal name of particular credit rating agency entity providing rating*) is established in the EU or in the UK and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation"). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu. [●] (*Insert legal name of particular credit rating agency entity providing rating*) is established in the EU or in the UK and has applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation"), although notification of the registration decision has not yet been provided.

[●] (*Insert legal name of particular credit rating agency entity providing rating*) is established in the EU or in the UK and is neither registered nor has it applied for registration under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation").

[●] (*Insert legal name of particular credit rating agency entity providing rating*) is not established in the EU or in the UK but the rating it has given to the Notes is endorsed by [●] (*insert legal name of credit rating agency*), which is established in the EU or in the UK and registered under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation"). A list of registered credit rating agencies is published at the European Securities and Market Authority's website: www.esma.europa.eu. [●] (*Insert legal name of particular credit rating agency entity providing rating*) is not established in the EU or in the UK but is certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation"). [●] (*Insert legal name of particular credit rating agency entity providing rating*) is not established in the EU or in the UK and is not certified under Regulation (EC) No 1060/2009 as amended by Regulation (EC) No. 513/2011 (the "CRA Regulation") and the rating it has given to the Notes is not endorsed by a credit rating agency established in the EU or in the UK and registered under the CRA Regulation.]

3 INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE/OFFER

[Not Applicable/Save for (i) any fees payable to the Dealer[s] and (ii) so far as the Issuer is aware, no person involved in the issue/offer of the Notes has an interest material to the offer. The Dealer[s] and [its/their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and any of their affiliates in the ordinary course of the business for which they may receive fees.]

4 REASONS FOR THE OFFER AND ESTIMATED NET AMOUNT OF PROCEEDS

Reasons for the offer:	[●] / [See ["Use of Proceeds"] in Base Prospectus/Give details] [If reasons differ from what is disclosed in the Base Prospectus, give details here.]
Estimated net proceeds:	[●]

5 **[Fixed Rate Notes only – YIELD**

Indication of yield:	[Not Applicable/[●]]

6 **OPERATIONAL INFORMATION**

ISIN:	**[●]**
Common Code:	**[●]**
Any clearing system(s) other than Euroclear Bank SA/NV and number(s) and Clearstream Banking, SA and the relevant identification number(s):	[Not Applicable/[●]]
Delivery:	Delivery [against/free of] payment
Names and addresses of initial Paying Agent(s):	**[●]**
Names and addresses of additional Paying Agent(s) (if any):	**[●]**
Relevant Benchmark[s]:	[[LIBOR/SONIA/EURIBOR] is provided by [*administrator legal name*]][*repeat as necessary*]. As at the date hereof, [[*administrator legal name*][appears]/[does not appear]][*repeat as necessary*] in the register of administrators and benchmarks established and maintained by ESMA pursuant to Article 36 (*Register of administrators and benchmarks*) of the Benchmark Regulation]/[As far as the Issuer is aware, as at the date hereof, [*specify benchmark*] does not fall within the scope of the Benchmark Regulation]/ [Not Applicable]
[Intended to be held in a manner which would allow Eurosystem eligibility]	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility

criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]]

GENERAL INFORMATION

(1) Application has been made to the Luxembourg Stock Exchange for Notes issued under the Programme to be listed on the Official List and to be admitted to trading on the Luxembourg Stock Exchange's regulated market.

(2) Each of the Issuer and the Guarantor has obtained all necessary consents, approvals and authorisations in Spain in connection with the update of the Programme and the Guarantee. The update of the Programme was authorised by resolutions of the sole shareholder passed on 20 April 2020 and a resolution of the joint directors of the Issuer passed on 20 April 2020, and the giving of the Guarantee by Enagás was authorised by resolutions of its board of directors passed on 18 April 2016 and 20 April 2020.

(3) There has been no significant change in the financial position or financial performance of the Group since 31 March 2020 and no material adverse change in the prospects of the Issuer or of Enagás or of the Group since 31 December 2019.

(4) Neither the Issuer, Enagás nor any of Enagás' subsidiaries is nor has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or Enagás is aware) during the 12 months preceding the date of this Prospectus which may have or has had in the recent past significant effects on the financial position or profitability of the Issuer or the Group or Enagás.

(5) Each Note having a maturity of more than one year, and any Coupon or Talon with respect to such Note will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

(6) Notes have been accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). The Common Code, the International Securities Identification Number (ISIN) and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Final Terms.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg. The address of any alternative clearing system will be specified in the applicable Final Terms.

(7) The Legal Entity Identifier (LEI) code of the Issuer is 213800H2FQSU5E19V152. The Legal Entity Identifier (LEI) code of the Guarantor is 213800H2FQSU5E19V152.

(8) There are no material contracts entered into other than in the ordinary course of the Issuer's or Enagás' business, which could result in any member of the Group being under an obligation or entitlement that is material to the Issuer's or Enagás' ability to meet its obligations to Noteholders in respect of the Notes being issued.

(9) Where information in this Prospectus has been sourced from third parties this information has been accurately reproduced and as far as the Issuer is aware and is able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

(10) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Final Terms of each Tranche, based on the prevailing market conditions. The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

(11) For so long as Notes may be issued pursuant to this Prospectus, the following documents will be available, during usual business hours on any weekday (Saturdays and public holidays excepted), for inspection at the registered office of the Issuer and Enagás:

(i) the By-laws of the Issuer and the Guarantor;

(ii) the Agency Agreement (which includes the form of the Global Notes, the definitive Notes, the Coupons and the Talons);

(iii) the Deed of Covenant;

(iv) the Deed of Guarantee;

(v) the published annual report and audited consolidated financial statements of Enagás for the two financial years most recently ended 31 December 2019 and 31 December 2018, the published annual report and audited stand-alone financial statements of the Issuer for the two financial years most recently ended 31 December 2019 and 31 December 2018 and the unaudited consolidated interim condensed financial information of Enagás for the three months ended 31 March 2020;

(vi) each Final Terms (save that Final Terms relating to a Note which is neither admitted to trading on a regulated market within the EEA or the UK nor offered in the EEA or in the UK in circumstances where a prospectus is required to be published under the Prospectus Regulation will only be available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);

(vii) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus; and

(viii) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Prospectus.

This Prospectus, Supplements and the Final Terms for Notes that are listed on the Official List and admitted to trading on the Luxembourg Stock Exchange's regulated market will be published on the website of the Luxembourg Stock Exchange (www.bourse.lu).

In addition, items (i)-(iii), (v) and (vii) above will be available on the website of Enagás at www.enagas.es.

(12) Copies of the latest annual report and consolidated accounts of Enagás may be obtained, and copies of the Agency Agreement, the Deed of Covenant and the Deed of Guarantee will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

(13) Ernst & Young, S.L. located at Raimundo Fernandez Villaverde, 65, Madrid 28003, Spain are registered on the *Registro Oficial de Auditores de Cuentas*, and have audited, and rendered unqualified audit reports on, the consolidated financial statements of Enagás respectively as at and for the years ended 31 December 2018 and 31 December 2019 and on the stand-alone financial statements of Issuer as at and for the years ended 31 December 2018 and 31 December 2019.

Certain of the Dealers and their respective affiliates (including parent companies) have engaged, and may in the future engage, in lending, investment banking and/or commercial banking transactions with, and may perform services to the Issuer, Guarantor and/or Guarantor's affiliates in the ordinary course of business. In particular, in the ordinary course of their business activities, the Dealers and their respective affiliates may make

or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of any of the Issuer and the Guarantor or any of their respective affiliates. Certain of the Dealers or their respective affiliates that have a lending relationship with the Issuer or the Guarantor routinely hedge their credit exposure to the Issuer or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their respective affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments. For the purpose of this paragraph the term "affiliates" includes also parent companies.

Registered Office of the Issuer

Enagás Financiaciones, S.A.U.
Paseo de los Olmos, 19
28005 Madrid
Spain

Registered Office of the Guarantor

Enagás, S.A.
Paseo de los Olmos, 19
28005 Madrid
Spain

Dealers

Banca IMI S.p.A.
Largo Mattioli 3
20121 Milan
Italy

Banco Bilbao Vizcaya Argentaria, S.A.
Calle Sauceda 28
Edificio Asia
28050 Madrid
Spain

Banco Santander, S.A.
Calle Juan Ignacio Luca de Tena, 11
Edificio Magdalena, Planta 1
28033 Madrid
Spain

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

CaixaBank, S.A.
Calle del Pintor Sorolla, 2-4
46002 Valencia
Spain

Citigroup Global Markets Europe AG
Reuterweg 16
60323 Frankfurt am Main
Germany

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
Canary Wharf
London E14 5LB
United Kingdom

Mediobanca – Banca di Credito Finanziario S.p.A.
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Mizuho Securities Europe GmbH
Taunustor 1
60310 Frankfurt am Main
Germany

Natixis
30 avenue Pierre Mendès-France
75013 Paris
France

Société Générale
29 Boulevard Haussmann
75009 Paris
France

Fiscal Agent and Principal Paying Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Paying Agent

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building, Polaris
2-4 rue Eugene Ruppert
L- 2453 Luxembourg

Calculation Agent

The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Arranger

BNP Paribas
16, boulevard des Italiens
75009 Paris
France

Luxembourg Listing Agent

The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building, Polaris
2-4 rue Eugene Ruppert
L-2453 Luxembourg

Independent auditors

To the Issuer and Guarantor

Ernst&Young, S.L.
Raimundo Fernandez Villaverde, 65
Madrid 28003
Spain

Legal Advisers

To the Issuer and the Guarantor

in respect of English and Spanish law

Clifford Chance, S.L.P.U.
Paseo de la Castellana, 110
28046 Madrid
Spain

To the Dealers

in respect of English and Spanish law

Linklaters, S.L.P.
Almagro, 40
28010 Madrid
Spain